

# FINANCIAL TIMES

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Wednesday August 18 1976

10p

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ROLL ON / ROLL OFF

## Ford inches ahead in battle for Republican vote

BY JUREK MARTIN, KANSAS CITY, AUGUST 17

President Ford was inching towards the Republican Presidential nomination to-day, but his chances could yet be scuttled by defeat on the floor of the Convention to-night on a key change to the Party's rules.

At least three independent surveys of delegate preferences, including surveys by the major U.S. TV networks, now suggest that, after non-stop delegate seduction in the last 48 hours, the President has acquired the 1,330 votes he needs for the nomination. Both Mr. Ford and Mr. Ronald Reagan had claimed sufficient backing, but unbiased canvassers had generally left the President a hollow short.

Mr. Ford seems to have picked up an extra 10 to 12 delegates last night and this morning. Mr. Reagan only three.

The pressure on uncommitted delegates to declare their intention is intense, with both contenders personally telephoning, visiting, flattering and explaining their positions to the 90 or so remaining fence-sitters.

So consuming is the race that nobody is bothering to wonder whether it is undignified for an incumbent President to be in this way.

The Reagan strategists, led by the able John Sears, are trying who are apprehensive that he

### Support

They may get some satisfaction if the Convention agrees to insert in the Party's platform Mr. Reagan's "morality in foreign policy" statement unveiled yesterday afternoon. This document, extolling Alexander Slobodzian, and sharply critical of detente and the Helsinki agreements, is to form the backbone of the foreign policy of Mr. Ford and Dr. Henry Kissinger.

But the key vote is on Rule 16C. There is tentative evidence that it commands some support among Ford delegates, particularly in the North and mid-West.

It was clear from last night's session of the full Convention

Continued on Back Page  
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## U.K. bids for share in £60m. railway orders

BY QUENTIN PEEL

RAILWAY EQUIPMENT manufacturers in Britain, together with officials of the Department of Trade, the Export Credit Guarantee Department and the Ministry of Overseas Development, are involved in last ditch negotiations to salvage some part of nearly 2,000,000 of contracts, a large number of which are shortly to be finalised by the Kenyan railways system.

According to reports in Nairobi, letters of intent have already been issued for some 2,000,000 of contracts for equipment including locomotives, wagons, coaches and track, involved in a massive modernisation programme.

The contracts have gone to companies in Canada, the U.S., West Germany, Japan, Sweden and Romania.

Britain, the traditional supplier of practically all railway equipment on the East African system and a major contributor of development aid to Kenya, is likely to win orders only for steel rails worth some £7m., and perhaps for some wagon bodies.

But talks are understood to be continuing with officials of the Kenyan railway region in a bid to recapture some of the order for wagons, with Britain making renewed representations "on technical and commercial grounds."

Railway equipment manufacturers in Britain blame their lack of success on unwillingness by the Government to include an element of aid in financing the package, relying instead entirely

on the credit facilities offered by the ECGD.

While the principal organisation involved in the tendering was British Rail's marketing arm, BRE Metro, which bid for wagons and locomotive contracts, other companies involved included Hawker Siddeley's Brush Electric of Loughborough (main line locomotives), Barclays of Kilmarnock (shunter locomotives), and British Steel, for the track.

It seems almost certain now that the U.S. will get the contract for main line diesel locomotives, Japan and Romania will provide shunter locomotives, West German switch locomotives, and Sweden and Canada for the coaches and goods wagons.

"It is a bit unfortunate, because we had quite good commercial terms," Mr. Dennis Minckley, managing director of Brush Electric, said yesterday.

Meanwhile the Department of Trade confirmed that Sweden had included aid in kind as part of its package for the coaches and wagons contracts, while Canada had provided soft credit terms.

However, British industry sources denied that the indecisiveness of the East African railways had affected the enthusiasm of the British bid. The East African corporations agreed in May on a system of repaying their debts from the individual regional headquarters, because each region had previously received a transfer surplus funds to headquarters.

It seems unlikely that the Kenyans will now place all £60m. of contracts because of shortage of money, but between £30m. and £40m. worth are likely to be awarded.

East African Community talks

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## Fair Trading Office submits advice on Tate & Lyle bid

BY KEITH LEWIS

THE OFFICE of Fair Trading has completed its appraisal of the hotly-contested take-over bid by Tate & Lyle for Manbrey & Garton and has passed on its advice to Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, who is expected to receive the Office's advice within the next few days.

No official indication of the Office's advice was forthcoming yesterday. But the Stock Market was clearly anticipating a reference with Manbrey shares 30 pence lower at 15p and Tate higher by 2p at 24p.

Opposition to the proposed take-over has been strong. Apart from fierce resistance by the Monopolies Commission recommended that the stake be reduced to under 10 per cent.

So far, Amalgamated has not complied and says it will challenge in court any order made by Mrs. Williams under the Fair Trading Act which seeks to force it to sell its shares. Some move from Mrs. Williams is expected within the next week or so.

### FINANCIAL TIMES

To-day's Financial Times has also found a solution to Amalgamated's continuing defiance over its 38 per cent stake in Loughborough crane manufacturer Herbert Morris.

Amalgamated was informed last May that its bid for Morris was "against the public interest" and the Monopolies Commission recommended that the stake be reduced to under 10 per cent.

So far, Amalgamated has not

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Mark rise puts more pressure on snake

By Peter Riddell

THE GERMAN MARK rose sharply again yesterday and pressure increased even further on the snake, the joint European currency float, amid renewed speculation about an early realignment of international currencies.

Rumours about an early meeting of European Finance Ministers were denied in several countries last night. Mr. Willy de Clercq, the Belgian Finance Minister and unofficial secretary of the joint European float, said he had not been asked to call any meeting by any of the countries concerned.

Should the celebrated Rule 16C, which they have sponsored and which would compel Mr. Ford to name his running mate before the Presidential nomination to-morrow night, go down to defeat this evening, then their cause is probably dead.

Both Mr. Ford and Mr. Ronald Reagan had claimed sufficient backing, but unbiased canvassers had generally left the President a hollow short.

Mr. Ford seems to have picked up an extra 10 to 12 delegates last night and this morning. Mr. Reagan only three.

The pressure on uncommitted delegates to declare their intention is intense, with both contenders personally telephoning, visiting, flattering and explaining their positions to the 90 or so remaining fence-sitters.

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Slight check in economic recovery rate

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of economic recovery slowed slightly between the first and second quarters of this year, according to figures published yesterday by the Central Statistical Office.

Gross domestic product (based on output data and at constant prices) rose by about 0.5 per cent. between the first and second quarters of 1976, against a rise of just over 1 per cent. in the previous period.

Over the first half of the year, the economy on this basis expanded by just under 1.75 per cent. when compared with the second half of 1975. While this is broadly consistent with the growth rates projected in the April Budget, it is in contrast to the Chancellor's references to a faster than expected current rate of recovery for the first half of 1976.

Dealers reported heavy central bank intervention—possibly approaching the level of last Friday—as the mark traded at or above its ceiling in the snake. It also gained against the U.S. dollar, closing at DM1.50; against DM1.52.

The mark's strength pulled up other European currencies against the dollar. The French franc, which has been outside the snake since earlier this year, gained after increasing rumours of an early package of economic and financial measures.

### Strength

While most attention was on the mark, the yen made a further advance against the dollar after news of a large trade surplus.

The yen closed in London at ¥25.1, against ¥26.0 with reports of much heavier official intervention than on Monday.

Mr. Takeo Fukuda, the Deputy

Continued on Back Page

Japan surplus, Page 6

£ in New York

Aug. 17 Previous

1 day 21,785.73/21,786.75

1 month 11,250.11/11,251.31

3 months 11,853.11/11,854.01

12 months 11,853.11/11,854.01

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# Some capital offences

BY ANTHONY HARRIS

This country has a ramshackle, burdensome and inefficient tax system, which causes suffering out of proportion to the revenue it raises; and one might suppose that it was difficult to devise any change which would not be an improvement. Alas, this is to underestimate the ingenuity of our Chancellors of the Exchequer. It is in fact much easier to think of tax reforms which have made the system worse than of constructive changes.

Indeed, remembering some of the changes which have been introduced one is almost at a loss for temperate comment. Chancellors not only do stupid things, but they seem to be especially blind to the interests they are supposed best to understand. Thus it was Mr. Roy Jenkins who abolished the lower rates of income-tax, thus greatly deepening the already troublesome poverty trap, and came near to abolishing any incentive to work for less than the national average wage.

## Creditable

When Mr. Anthony Barber came along, he planned to attack this mess through his tax credit scheme, a highly creditable notion, attacked by 'the Labour party for the worst and most perverse of British reasons—Not Invented Here.'

However, this same Mr. Barber, asked by his leader to apply some thick cosmetics to the unacceptably bare bones of capitalism, came along with the Development Gains Tax and the first letting charge.

Since the property boom was simply and solely the result of idiotic monetary policy, this was a good example of another British habit fighting insanity with insanity. More important in this context, however, is the fact that it is yet another symptom of what appears to be a constitutional disability of the Treasury, its inability to devise any sensible way of taxing capital.

There seem to be three basic reasons why Chancellors cannot understand capital: the first is simply silly, while the other two show something like corrupt intentions. The silly one is the notion that it is somehow immoral or destructive to levy taxes on capital rather than on incomes. This represents a kind of economic equivalent of the pathetic fallacy—the idea that the State is somehow an individual writ large.

The sad fact is that the Treasury has been singularly unsuccessful—except during periodic exchange crises—in persuading politicians of the important truth that there is a limit to the burden of social

revenue. It has imposed major taxation on capital holders, who are taxed on non-existent 'gains'. Since it also produces a derisory flow of revenue, the whole exercise has been a waste of time even from the Treasury point of view.

But if all this was foolish, one

act was near criminal: the abolition of Schedule A—the taxation on the benefits of owning a house.

The damage and distortion which has been caused to the British economy by the

whole of this to a capital gains tax, and Mr. Healey's capital transfer tax—seem to have been inspired by a wish to pander to envy, which is discreditable.

## Tax evasion

The whole notion that the realisation or transfer of capital constitutes what has become in fact based on total muddle-headedness. It is an attempt to tax capital without incurring a direct charge of doing so; in fact it distorts markets, has created a major tax evasion industry, and through inflation it has imposed

more taxation on capital holders, who are taxed on non-existent 'gains'.

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## GARDENS TO-DAY

# Dry answers to rainless summer gardening

BY ROBIN LANE FOX

FORECASTS of drought until 1977 are casting a very long shadow over this column. Must we look forward to another season of petunias, and those inexhaustible cotoneasters? If so, it may well prove too much for some of our oldest hedgerow trees, not least for the big beeches which mop up so much water from the ground and which are beginning to drop so ominously.

There is not much advice worth giving in such seasons. I intend to cover the beds of smaller alpines, for which I care most, with a layer of gravel as soon as we have a few thunderstorms. The centre of a heap of gravel is always damp, however hot the summer, and a blanket of gravel is well suited to plants from the stony slopes of a mountain. In wet seasons it hastens the drainage of water which would otherwise rot the necks of the alpine plants, their most vulnerable point. In dry summers it should keep the water down in the soil. I do not think it will look too ugly.

Although I have never understood those vests which are meant to keep us warm in winter and cool in summer, I can understand how a layer of gravel could be an alpine blanket for all seasons.

If our gardens are indeed to be so dry, can we console ourselves with the prospect of plants which most of us have not been able to grow hitherto?

It depends on the likely temperature of the winters. Sharp frosts and dry springs, summers and autumns are not a straightforward combination. If we do now have a cold winter, I believe that opinions about the hardiness of many shrubs will have to be altered.

## Sheltered

During these past two summers the wood of the quick-growing shrubs from marginal climates, especially the Antipodes, has been properly ripened by hot sun. I think that Hebes, Callistemons and the more exotic Buddleias will now be able to stand a sharper winter than we have often assumed, though not a winter as cold as those in the early sixties. Of course, they must be planted in a sheltered site.

The Eremurus hates spring frost, high wind and a sodden soil. Experiment at Highdown proved that a covering of straw or bracken in winter over the crowns of the plant encouraged slugs and snails: the clumps were better left to take their chance. They have to be planted carefully. The crowns should settle into a bed of Foxtail Lilies for at least three inches below the ground.

Often gardeners ask what

would be happy on one of those lime or chalk gardens in Hampshire and Sussex, which are not

really to the liking of many old roses or modern hybrid teas. One hesitates to mention the Ere-

murus in years when the ground is as sodden as usual. But if you can imagine five dry summers in a row, you should consider sowing some of its oblique seed and looking forward to a bed of Foxtail Lilies, the most spectacular plant for gardens which go without rain.

coarser sort of conifer for a surface of the ground and some quick-growing evergreen. I do not expect boundary hedges of Tasmanian evergreens, but if you believe in this talk of a decade of hot summers, you should be giving thought to the sort of half-hardy shrub which is offered by Treasures of Tuross, Cornwall. I should be cautious, however, if I live in the Midlands or further north.

Personally, I am intending to try once again the Eremurus, or Foxtail Lily. This magnificent plant thrives in a hot dry climate where its roots can run deeply without lying in too much water. In Britain, it has been grown better than at Highdown, near Worthing in Sussex, in the dry chalk garden of the late Frederick Stern. From that we conclude that it is happy on lime. In nature, it is nowhere finer than in Iran where I have recently seen huge drifts of its drying seed-heads standing in the horizons of pink-stony mountains. It is quite easily raised from seed and although it is a brave botanist who claims to

have ever found a flower, I hope that I may raise

some variations with a taste for our new style of summer.

## Scattered

Living in such dry places, the Foxtail Lily is bound to be quick about growing and flowering. In April and May, you can start it moving as its long strap-like leaves push along the ground and the flower stem, up to six feet tall, begins its rapid ascent. The flowers are borne like an upright fox's brush, tapering to a point after nearly two feet of buds at the stem's summit. They stand up like some spectacular pink, white or yellow brush in May and dominate any garden with space for such a bold sight.

Afterwards the leaves lengthen and bend over rather messily and the clump ceases to be attractive. Several varieties are offered normally through bulb merchants and as their performances are not obvious, I had better go through them carefully.

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sharp sand should be scattered underneath them so that they do not root on anything which might rot them. The hole dug for them should be some two or three feet wide.

THANKS TO another superb spell of pace bowling by Holding, West Indies beat England at the Oval with an ease which would never have been possible on a pitch which has remained so docile throughout.

The English batting, not for the

first time this summer, proved

painfully inept and insecure

against speed and were dismissed for a mere 203. There was a sad lack of dedication and application.

This handsome victory—it

should be remembered that the West Indies declared their second

innings at 182 for 0—simply underlined the enormous difference between the two sides. They have won three and drawn two of the five Tests and we have been comprehensively outplayed in every department.

Possibly even more disturbing

is the fact that we do not appear

to have discovered any fresh

young talent. The situation calls

for a drastic rethinking on policy.

England have been slaughtered

with embarrassing ease by a team

that suffered the same fate them-

selves last winter at the hands

of the Australians, who will be

with us next summer.

Our needs are obvious but

where to find the batsmen and

bowlers is a different matter. I

am convinced that our selectors

## CRICKET: FIFTH TEST

# Holding bags England ban

TONY GREIG, who played

before the first Test,

England would make

him available for

his last

innings in

the series. He scored one

bowl: Michael New

Roberts. The former, al-

tired, found a fine ball for

which removed his middle-

and then it was only a

matter of time.

Underwood was

caught by Lloyd to give

the score at 78 for 3, pro-

ceeded for an hour and 25 minutes

England's innings were eight

overs, one maiden, four wickets

for 23 runs.

Knott, who joined Steele with

the score at 78 for 3, pro-

ceeded to play sensibly and show

that batting was not quite

the impossible task which the efforts

of most of the other players had

suggested. This pair was still

together at lunch when the total

was 125.

In the afternoon Steele and

Knott presented broad bats until

shortly before 3 p.m. the former

was caught behind off Holder

for 42. Knott found another

partner in a young

Miller, who lasted until the total

had reached 196 when he was

rather surprisingly bowled by

Richards, but not before Knott

had completed an admirable half-

century.

Willey did not last long, fail-

ing to victimise Holder who had

taken over from Roberts. Greig

was England's second victim

became Holding's second victim

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## OVERSEAS NEWS

### Hundreds killed in Philippines earthquake

By Our Own Correspondent

MANILA, August 17.

WEIJI. OVER a thousand people were feared killed and a much bigger number rendered homeless in a powerful earthquake that rocked the southern Philippines and triggered huge tidal waves early this morning.

Official Government figures put the number of dead at 920 but this did not include close to 400 others who were feared drowned in the two-fathom-high tidal waves that smashed coastal areas of Mindanao, and smaller islands further south.

President Ferdinand Marcos has proclaimed Mindanao, and the other southern islands of Basilan, Sulu and Tawi-Tawi in a state of calamity. The region one of the country's close to 40 million Moslems and some of four-year-old Moslem separatists revolt. Less than 550 miles south east of Manila.

The intensity seven earthquake, which lasted 50 seconds, was centred somewhere in the Cebu-Siargao strait shortly after midnight, causing widespread damage and casualties in at least seven provinces.

More than 200 people were reported missing, including 70 Government soldiers stationed in two towns where 247 drowned in the high tide. Another 75 were reported trapped in the debris of two collapsed hotels in the thickly populated provincial capital city of Cotabato in central Mindanao, where, aside from the collapse of several other buildings, at least three fires were also reported.

Worst hit by the tidal waves was the town of Dinagat in Cotabato province where the Red Cross feared more than 300 villagers drowned.

Early reports received by the National Disaster Control Centre here said 1,300 families had been rendered homeless and several hundred people injured. The reports indicated most of the deaths were caused by the tidal waves and that most of them were children.

UPI reports from Hong Kong. A powerful earthquake struck southwest China to-day while a massive relief force still searched for bodies on the rubble of another earthquake which hit near Peking two weeks ago, causing widespread death and destruction.

There were conflicting reports by seismologists stations outside China on the location of the new earthquake epicentre, but it apparently was somewhere in China's most populous province, Szechuan.

### APPOINTMENTS

## EUROPEAN SALES MANAGER SIMONDS CUTTING TOOLS

A major U.S. manufacturer of a wide range of cutting tools wishes to appoint a Sales Manager to develop its European markets, particularly in the U.K., Germany and France. The envisaged location is England, and the appointed person, male or female, will report direct to the Vice President - Marketing in the U.S.A.

The Sales Manager will prepare sales forecasts and budgets for operating costs. Appropriate distribution channels will need to be established and strategies to be developed include pricing, advertising, packaging and product servicing. The appointed person will travel extensively, visiting customers and identifying suitable new products

for the European market. Candidates, aged 30-40, should be engineering/economics graduates and have at least five years experience of the European cutting tool industry and its markets. Fluency in English and German or French is required.

The salary is negotiable and will exceed £6,000 per annum. A company car is provided together with the fringe benefits expected of a progressive, international company.

Please apply, in strict confidence, enclosing a curriculum vitae to:

G. Lapski,  
International Market Planner,  
Wallace-Murray Limited,  
7 Chesham Place,  
London SW1X 5HN.

Wallace Murray

### FOREIGN EXCHANGE AND CURRENCY DEPOSIT BROKERS

seeks experienced brokers for both their London and overseas offices. Write Box A.5665, Financial Times, 10, Cannon Street, EC4P 4BY.

COMMODITY Back-up staff wanted  
Charterhouse Appointments. 01-836 2377.

### PUBLIC NOTICES

READING BOROUGH COUNCIL BILLS  
£1,000,000 BILLS offered 13.8.76 for  
£1,000,000 BILLS offered 17.11.76 for  
Applications totalling £14m. £1m. Bills outstanding.

TAMESIDE METROPOLITAN BOROUGH COUNCIL BILLS  
£2,000,000 BILLS offered 13.8.76 for  
£2,000,000 BILLS offered 17.11.76 for  
Applications totalling £21m. £2m. Bills outstanding.

## Japan records big surplus in July payments figures

BY CHARLES SMITH

JAPAN registered a balance of payments surplus of \$720m. in July according to preliminary figures published to-day by the Ministry of Finance.

It was the largest overall surplus since February, 1973, the month before the yen was allowed to float upwards from its Smithsonian parity. And the sixth consecutive surplus since last February.

A big visible trade surplus of \$10m. was the main positive factor in the overall balance, but there was a relatively large deficit on invisible and transfer payments of \$620m.

The fiscal and mildly surprising element in the July payments picture was a surplus on long term capital movements of \$218m. as a result of a spate of bond issues in overseas capital markets. Japanese industry is relatively liquid at present and appears to be in no hurry to remane active investment in plant or equipment inside Japan.

Overseas borrowing by Japanese companies in July reached the high figure of \$18m. as a result of a spate of bond issues in overseas capital markets. Japanese industry is relatively liquid at present and appears to be in no hurry to remane active investment in plant or equipment inside Japan.

Exports to the U.S. in July were worth 60 per cent more than in July, 1975, while imports from the U.S. continued to be slightly below the levels of the previous year. Exports to the EEC were up 40 per cent, on a year ago, while imports rose 63 per cent.

The picture is reversed in the case of trade relations with developing countries where the rise in Japanese exports exceeds the growth of its exports.

This could be taken to indicate that Japan's export boom has passed its peak and that the visible trade surplus will shrink during the latter part of 1976.

Meanwhile, however, Japan continues to do embarrassingly well in its trade with developed countries, particularly the U.S. and Europe.

In a public statement, Mr. Lynch said that if it had been

extended by industries such as shipbuilding and heavy machinery.

The \$10m. visible trade surplus recorded for July represents the difference between export earnings of \$3730m. (up 23 per cent from a year earlier) and imports worth \$3780m. (up 18 per cent).

Seasonally adjusted figures show a modest decline in exports from a month earlier (by 3.4 per cent), whereas seasonally adjusted imports were up slightly, by 4.5 per cent.

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# Business

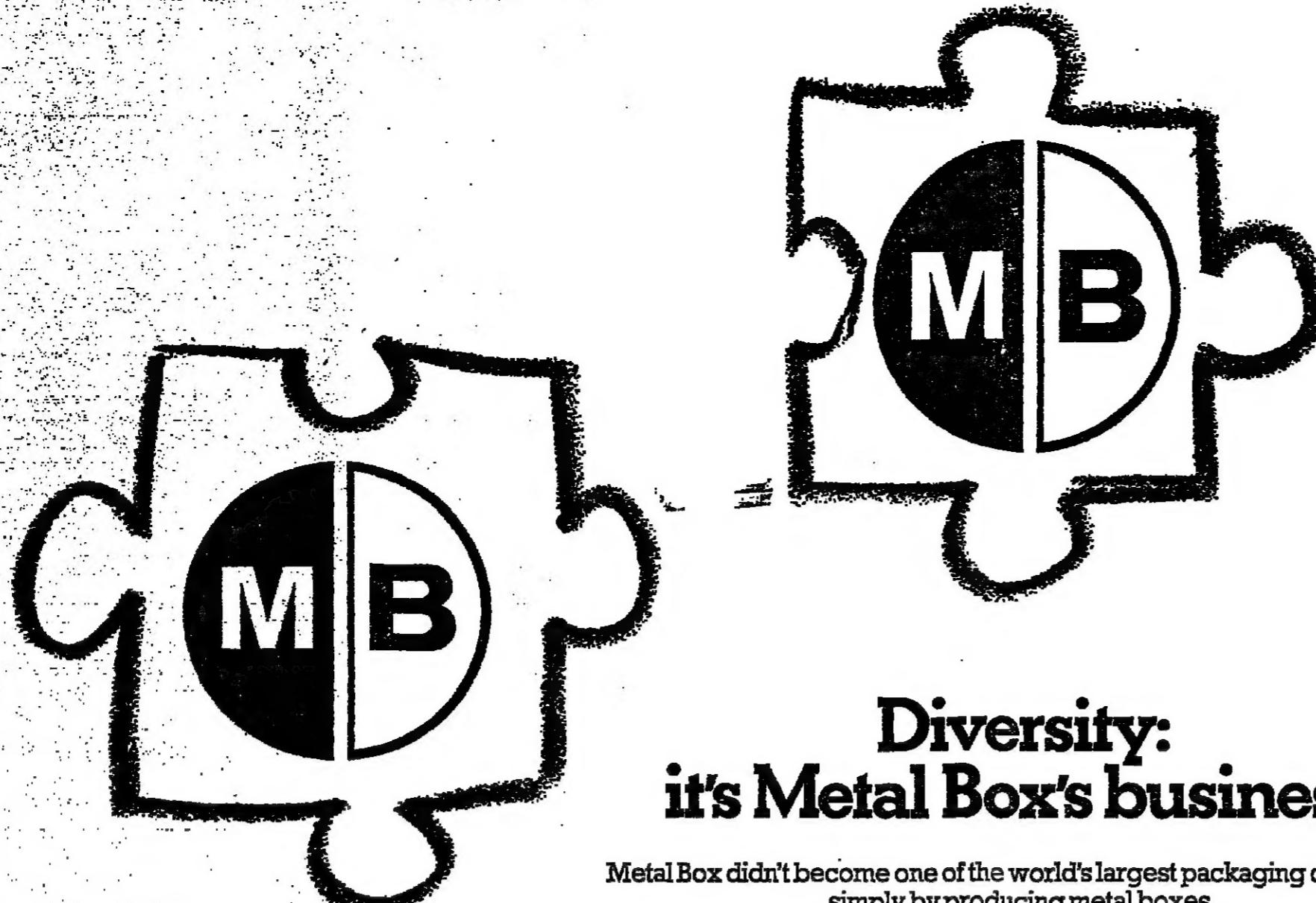
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new iron ore. The Government has been increasing its excise budget, only a portion of which will be diverted from education. It will receive a large sum at the beginning of the year. "The Government," said, "will take a high level of active exploration this year."

level bid to  
rica Co.

• 1462

Journalistic



# Diversity: it's Metal Box's business.

Metal Box didn't become one of the world's largest packaging companies simply by producing metal boxes.

We make containers in everything from metal to paper. We make the machinery to produce them and fill them. We provide packaging installations, after-sales service and consultancy to help our customers make the most effective use of the containers we supply.

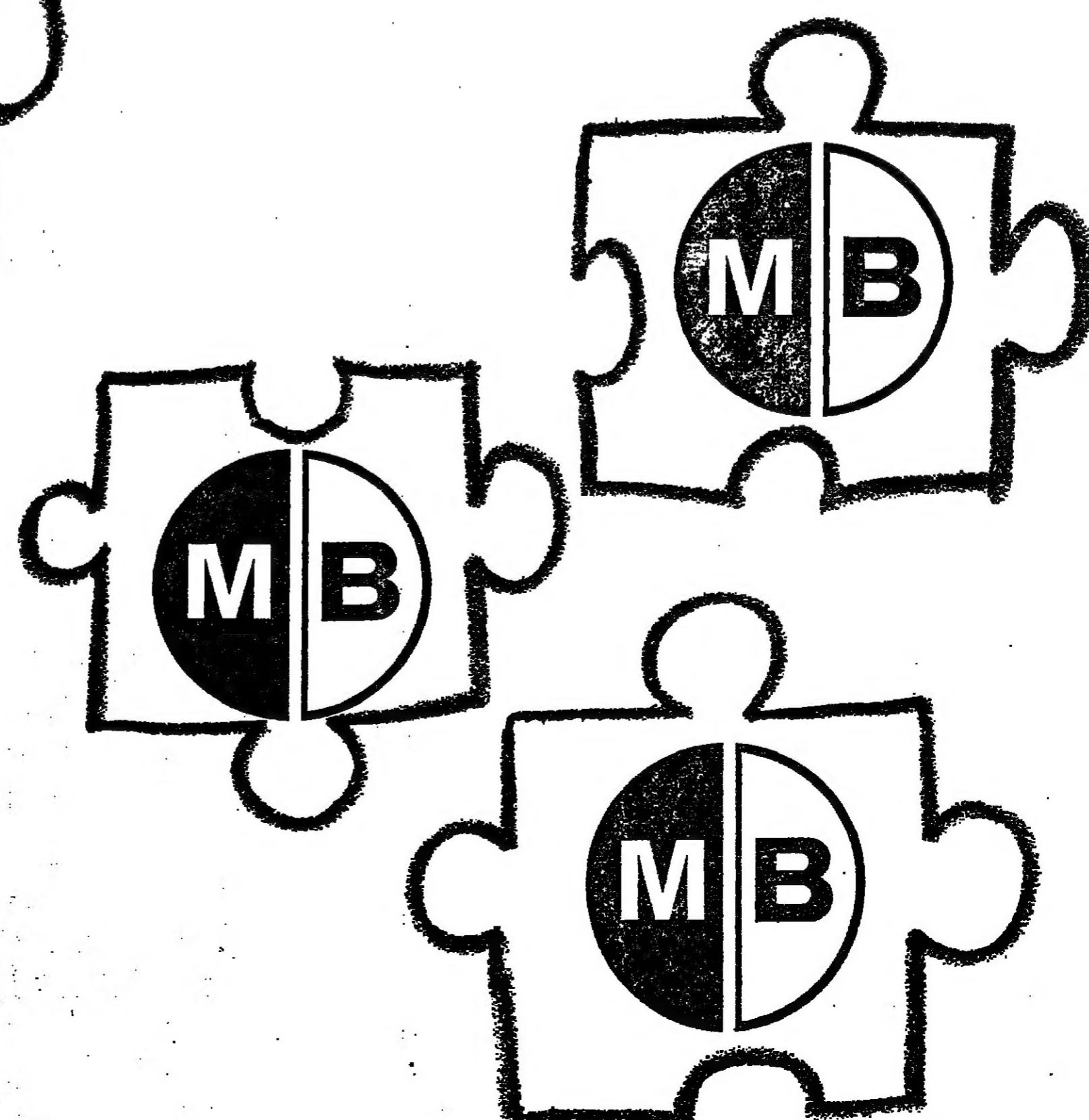
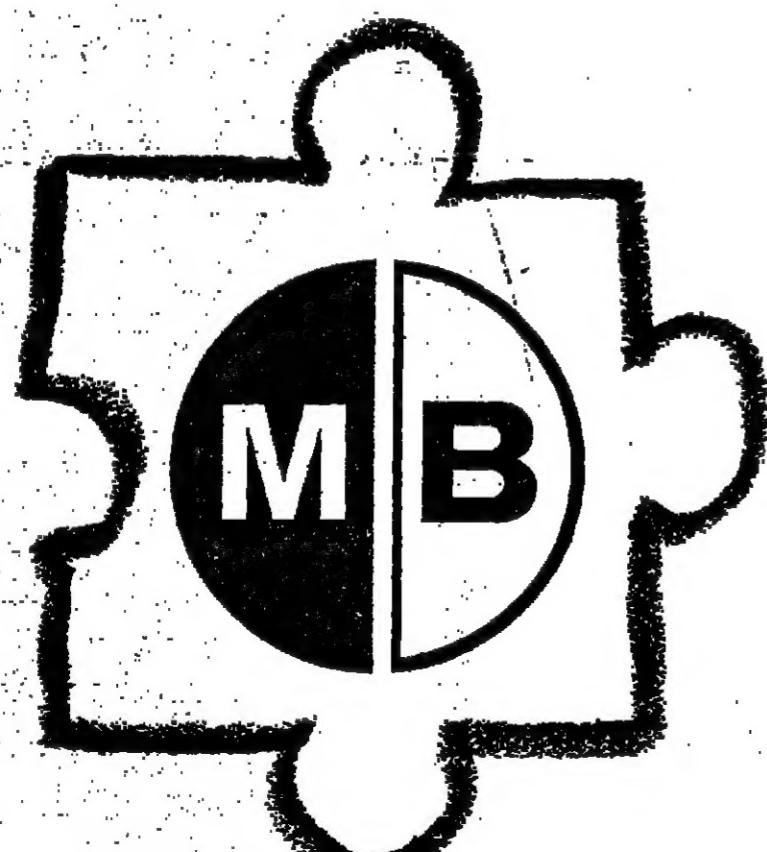
And we continue to seek new fields in which our manufacturing and marketing expertise can be put to profitable use; as with the acquisition of Stelrad, now part of the Metal Box family, and the world's largest manufacturer of radiators for central heating.

Today's new ventures could be the profit centres of tomorrow; which is why Metal Box will continue to see planned diversity as a major strength.



# Metal Box Limited

A good business to be in



## KINTA KELLAS RUBBER ESTATES, LIMITED

### MR. P. T. GUNTON'S STATEMENT

The Sixty-sixth annual general meeting will be held in London on 9th September 1976. The following are extracts from the Chairman's circulated statement:

An increase of 3.3p in the net average selling price to 29.13p per kg. for our crop produced a pre-tax profit for the year after charging replanting expenditure, of £310,010 compared with £223,570 for 1974/75. Income from an expanded investment portfolio increased from £58,719 to £73,333. Tin tribute was lower at £87,477 compared with £97,370 in 1974/75, due mainly to Malaysian Government export quota restrictions.

After providing £176,905 for taxation in Malaysia and the U.K. there remains £133,105 for the year compared with £98,526 for 1974/75. The board recommend a final dividend of 1.08p per share making a total distribution for the year of £54,988 or 1.873p per share, the maximum permissible.

Government rubber price stabilisation measures were relaxed from October 1975 and as a result the harvested crop was better at 2,691,191 kg. compared with 2,837,867 kg. in 1974/75. Our factories at Kinta Kellas and Kelpin continued to produce good quality crumb rubber which found a ready market under the "Harub" trade name at useful premia over ordinary grades. As previously, the balance of the crop was sold in later form at a discount on ruling prices for sheet rubber.

In the last quarter of 1975 the cloud of industrial recession lifted a little and the market improved on sustained buying of rubber by the U.S.A. By the end of December the price of RSSI had risen in Kuala Lumpur to 170 sen f.o.b. per kg. and during the first half of 1976 the upward trend has continued to well over 200 sen. Although higher prices have been based upon a re-assessment of world economic prospects and an unexpectedly long wintering season and drought in Malaysia, they have responded in some measure to speculative activity and, in common with other commodities, rubber has provided a refuge for nervous holders of sterling. Against a background of widespread international discussion of price stabilisation schemes, however, there has been some reaction from best levels and it would seem that if upward movement is to be resumed it will have to rest upon a firm foundation of increased activity in consuming industries. Although this has undoubtedly been a feature of the past few months, it remains to be seen whether it can be fully maintained.

For the first three months of the current year to end of June 1976 the crop was 944,110 kg. compared with 577,000 kg. for the same period in 1975. The new wages agreement recently concluded with the estate workers' union will add to production costs but trading prospects for the current year in the improving world economic climate are encouraging.

### SECRETARIES AND AGENTS: HARRISONS & CROSFIELD, LIMITED.

## LAMBERT HOWARTH GROUP LIMITED

### INTERIM REPORT

The Directors announce the following unaudited result for the period 1st January 1976 to 19th June 1976. Comparative figures are for the corresponding period ended 21st June 1975.

	1976	1975
Turnover .....	£ 5,184,210	£ 4,529,221
Group Trading Profit .....	332,581	322,021
Before charging depreciation of Fixed Assets .....	93,285	84,129
Income from Investments .....	239,566	237,592
5,048	5,603	
Group Profit before Taxation .....	245,514	243,495
Taxation—estimated .....	106,000	106,000
Group Profit after Taxation .....	139,514	137,495
Interim Ordinary Dividend—declared	27,000	25,500
	112,514	111,995

In my statement included with the Report and Accounts for 1975 it was mentioned that sales for January and February 1976 exceeded sales for the corresponding months of 1975. This improvement has been maintained in subsequent months but increases in costs and pressure on margins have resulted in a Group Profit similar to the Interim Profit in 1975.

Capital expenditure amounting to approximately £150,000 on modern injection moulding plant has recently been authorised by the Directors, for delivery towards the end of the year. This plant will not affect production levels this year but will add to our trading potential in 1977.

An Interim Ordinary Dividend of 0.90p per share (last year 0.85p) has been declared, payable on 1st October 1976 to members on the register at the close of business on 6th September 1976.

C. L. HOWARTH,  
Chairman.

## THE FIRST SCOTTISH AMERICAN TRUST COMPANY LIMITED

### Interim Statement (Unaudited)

	August 2	August 1
For the six months ended	1976	1975
Gross Revenue	£69,446	£89,434
Deduct:		
Interest	241,640	272,555
Expenses	38,152	36,928
Taxation	217,265	243,460
	493,460	540,917
	275,986	395,204

Gross Revenue for the six months to 1st August 1975 included interest on deposits accumulated to repay £1,900,000 due on 31st July and July 1975.

An interim dividend of 0.7p on the Ordinary Shares (same as last year) has been declared payable on 1st October 1976, absorbing, together with the half-year's Preference dividend paid on 31st July, a total of £217,731.

Joint Managers  
A. K. Althenehead, W. D. Marr  
Belsize House, West Ferry, Dundee.

## HOME NEWS

# Callaghan faces Scots call for revenue powers

BY JOHN HUNT

M.R. JAMES CALLAGHAN, Prime Minister, will give his supporters a firm assurance that the Government intends to press ahead with the massive devolution legislation next session when he pays a three-day visit to Scotland next week.

At meetings with the Scottish TUC and the Scottish council of the Labour Party, he will be preaching to the converted. Among Labour MPs in Scotland, only Mr. Tam Dalyell, MP for West Lothian, and three others remain opposed to devolution. The Scottish TUC is strongly in favour.

In fact, the executive of the Scottish party will impress on him that he must get the devolution Bill through the Commons at all costs if the Nationalists' threat of a completely separate Scotland is to be defeated.

Mr. Callaghan is, however, likely to be involved in a heated argument on the question of independent revenue-raising powers for the proposed Assembly. In its recent White Paper, the Government abandoned the proposal that the assembly should be able to raise revenue by means of a surcharge on the rates.

### Unemployment

It substituted a vague promise to consider revenue-raising powers in subsequent legislation if there were overall changes in the framework of taxation and local government devolution.

But the Scottish executive is not satisfied with this commitment. It has called for some form of independent revenue-

raising powers although it is opposed to a rates surcharge or a tax on North Sea oil.

Another point which the executive will take up with the Prime Minister is the high rate of unemployment north of the border.

Mr. Callaghan, who will be accompanied by his wife, and by Mr. Bruce Millan, Scottish Secretary, meets the party executive in Glasgow on Tuesday, and the Scottish Development Agency and the Scottish TUC the following day.

### Out of step

On Thursday, he lunches with the Scottish Economic Council and the Scottish Council for Development and Industry. Later that day he visits the Royal High School, Edinburgh, which is to be converted to house the proposed Scottish Assembly.

Meanwhile, confusion continues in the ranks of the anti-devolution organisation, entitled "Labour against Assemblies in Edinburgh and Cardiff." It had been anticipated that Mr. Eric Moonman, Labour MP for Basildon, would launch the campaign this week. But he is on holiday and intends to press ahead with it next week.

Mr. Dalyell, who was surprised to find his name given as one of the three-man administration for the campaign, spoke to Mr. Moonman by telephone yesterday.

Later, Mr. Dalyell said that the anti-devolutionists seemed to be in a bit of a tangle with each other. He is again launching a widespread campaign and is content with the anti-devolution meeting to be held at the eve of the Labour Party Conference.

## Agents expect leap in house prices

BY QUENTIN GUARDHAM

THE HOUSING market is confused because building costs are out of step with the buying power of potential purchasers. Many house agents believe large price increases will inevitably follow once the present backlog of developments is taken up.

These are among the conclusions of a survey conducted among members of the Incorporated Society of Valuers and Auctioneers.

So far there is no sign of the much-feared renewed spiral in house prices, the survey report said. In the up to £10,000 range prices increased only 1.5 per cent in the three months to July and in the £10,000 to £20,000 range only 2 per cent.

Mr. Michael Rains, chairman of the society's estate agency committee, said there "would appear to be a consistent market movement and this must surely herald stability."

### Active

Returns from the society's members throughout the U.K. indicated there were only slightly fewer houses on the market at the beginning of July than on March 31.

## Supplies of Jensen spares assured for ten years

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

OWNERS OF Jensen cars are assured of spares and servicing facilities for the next 10 years despite the auction of the company's assets which is due to end tomorrow.

The servicing facilities are being kept on and a new company, Jensen Special Projects, has been formed to take over some of the small-scale engineering and glass fibre work.

Jensen, based in West Bromwich, went into receivership 11 months ago with £3.7m. debts to unsecured creditors.

The showpiece items on sale at the auction, car—one a £11,750 prototype Interceptor which was never unveiled—and could now fetch up to three times its retail value.

Yesterday's auction started with £50 a bid for five lots of canister tables.

The showpiece items on sale at the auction, car—one a £11,750 prototype Interceptor which was never unveiled—and could now fetch up to three times its retail value.

Its sale in Bermuda last November, the first on the island, totalled £100,116. Another is planned for December.

Notable sales staged by the company in 1975-76 included the collection of the late Earl Jacobson of Chicago, which totalled £134,478, double the estimate, in London; and the Visconti collection of Lombardy-Venetia 80c, fiscal stamp of 1854 posted with two ordinary stamps.

GB 2d Silver Jubilee stamp of 1935 in Prussian blue (a block of four) is worth only £10.10.

£1.40 for a first-flight cover carried on the ill-fated Zeppelin, Hindenburg.

The company said yesterday it is policy of staging specific stamp sales in the most suitable markets contributed heavily to the increase. Its auctions in Basle, Bermuda, Geneva and Melbourne were all outstandingly successful.

Its sale in Bermuda last November, the first on the island, totalled £100,116. Another is planned for December.

The increases vary from an average 5.8 per cent on U.K.-built vehicles, including the Alpine, to an average 7.3 per cent for the French-made Simca range.

Commercial vehicle prices will rise an average 5.3 per cent.

Chrysler has established a distinct price advantage on its competitors by virtue of a delay of about a month between their increases and its own. In general, U.K. car prices are going up in a three-month cycle.

Examples of the new prices are: Avenger two-door DL 1300 £1,691 (old price £1,615); Avenger DL estate 1300 £1,862 (£1,882); Hunter DL 1725 £2,027 (£2,089); Sirion 1100 LE five-door £1,835 (£1,809); Alpine GL 22,497 (£2,294).

Price cuts of £2.35m. were made in July by smaller com-

panies after investigations by the Commission turned down 15 applications for price rises in July. A further 31 notifications were withdrawn, while the Commission reduced 73 applications.

Among the companies to have applications rejected were Rolls-Royce (1971), ICI and Massey-Ferguson, Fornica, Bocham Foods, Brooke Bond and Twining Crossfield all withdrew applications for price increases after initial discussions with the Commission.

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## HOME NEWS

**Transport policy plans ejected by Labour MPs**

By John Hunt

**PARLIAMENTARY** Labour as both suffer from competition transport group has with the private car. The Government's transport policy consultation document is an apology for cuts expenditure.

A nine-page reply published yesterday, the MPS complain the proposals are more in financial difficulties than basic for a socialist transport policy.

The document admits conflict with industrial objectives less with the 1980s and when the oil shortage will begin to bite in times of recession and was modest compared with grants paid to railway by the U.K.'s major industrial competitors.

Missing the proposals to cover the subsidy from rail on the grounds of equity, the group says: "We believe all and bus are complementary and both need subsidy."

However, the MPS do not rule out the possibility of some economies being made in the employment of staff.

British Rail's mounting deficit was to be expected in times of recession and was modest compared with grants paid to railways by the U.K.'s major industrial competitors.

Rail freight in the European Economic Community and in other countries had been increasing for 10 to 20 years.

Moreover, the Government had not acknowledged the different

ways of costing road and rail, and this had proved unfair to British Rail.

The group says its members had frequently pointed out that British Rail's productivity, and therefore viability, would come more easily from using the railway network to as great a capacity as possible rather than concentrating on staff reductions.

However, the MPS do not rule out the possibility of some economies being made in the employment of staff.

The group adds: "We were unable through lack of time, to discuss the document in its entirety. We have circulated the large numbers of facts given, many of them for the first time, but are critical that some were presented, perhaps by accident, in a manner that could lead to misleading conclusions."

**Pardoe says top Civil Servants in U.K. are paid too much**

JOHN HUNT

**OHN PARDOE**, Liberal MP for North Cornwall, and spokesman for his party's public expenditure establishment, said yesterday Britain's civil servants were overpaid compared with those in other countries.

There were no effective constraints on public expenditure. One remedy would be the indexation of the tax system.

Public expenditure and taxation will be discussed at the Liberal Party's annual assembly only 38 per cent of staf-tax salary of a typical executive.

Belgium's figure was 43 per cent, Italy 46 per cent, in the US 58 per cent and in the lands 65 per cent. In the UK it was 64 per cent.

equivalent grade of a permanent secretary in Belgium re-£3,500 in 1973; in France in Italy £2,000, in the lands £12,000 and in Germany £14,500. In the UK the was £15,500.

Mr. Emily Hooper, MP for Montgomery and leader of the Welsh Liberals, will make the keynote speech on the opening day, September 15.

Main debates will be:

Wednesday, September 15: Waste of resources, better use of housing, regional manpower policy.

September 16: National Health Service, Rights of nomadic people, combating racism, education.

September 17: Taxation and Public Expenditure, political reform (including devolution).

September 18: Local government finance.

On September 14 four party commissions will draw up reports on the National Health Service, public expenditure, political reform, and racism.

**Imperial Metal plants may cut processing of titanium**

ROY HODSON

In titanium sponge production Imperial Chemical Industries' Teesside plant may be closed by a reduction in output. The market is closed to IMI.

IMI has been trying for several years to develop new markets for titanium. It has been successful particularly in chemicals, process plant and metal refining.

IMI believes that were it not for those new outlets, it would have had to cut production before now because of poor demand from the aero-engine and airframe makers.

New source: The company is Britain's only titanium producer. It is backed by the ICI raw material plant.

IMI recently announced plans to establish a commercial titanium casting facility in Britain to operate by the early 1980s. It would provide a new source of titanium parts for existing industrial users of the metal and would make parts more readily available to other companies.

aid yesterday that in the system of industrial groups was such that could not get orders though its prices were competitive.

American market was re-tightly protected with provision precluding companies from entering contracts.

Industries such as the motor industry.

An American company, TTech International, of California, is also considering establishing a titanium casting plant in Britain.

Sir David Nicholson, former chairman of British Airways, has been appointed chairman of the British subsidiary.

All plans for the expansion of titanium production in Britain depend on the ability to develop new export business with other titanium users.

The EEC Commission is expected to give fresh consideration to the prevailing titanium tariff rates following prompting from Britain. America has an 18 per cent import duty on the metal and Japan a 12 per cent duty, compared with the common external tariff of the EEC of between 6 per cent and 8 per cent.

While IMI is finding it difficult to sell abroad, imports of titanium into Britain rose from £1.5m. a year to nearly £6m. a year in 1971-72. Nearly half the imports came from the U.S.

**Irano-Intairdril S.S.K.**

has been established by

Industrial and Mining Development Bank of Iran

and

Intairdril Ltd.

to engage in work-over rig services, air drilling and other specialized services for the Iranian petroleum industry.

The new Iranian company has a capitalization in equity, debt and debt commitments totaling

\$24,000,000

including Eurodollar financing arranged by Iran Overseas Investment Bank Ltd.

The undersigned initiated and assisted in negotiating this transaction.

First Washington Securities Corporation

The international investment banking subsidiary of

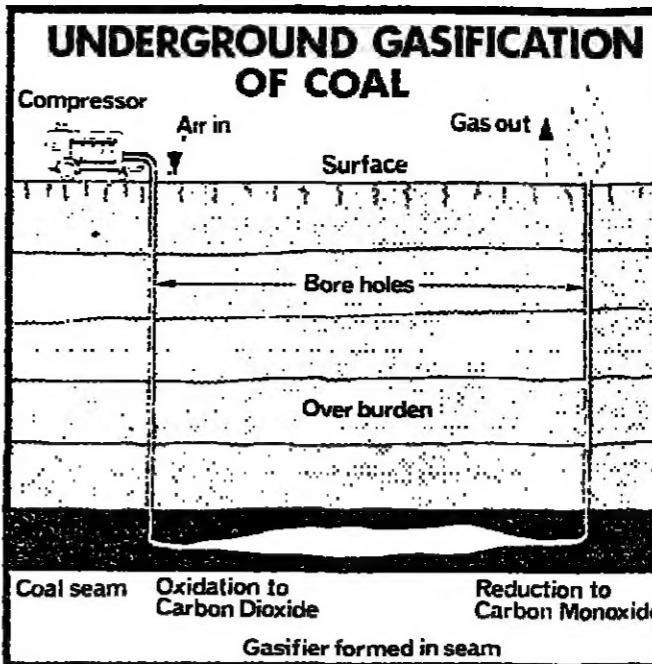
**SHIELDS MODEL ROLAND**

Incorporated

August 18, 1976

**Gas direct from the coal seam**

BY DAVID FISHLOCK, SCIENCE EDITOR



WHY TAKE all the trouble biological obstacle to "inner-surface just to burn it—87.5 million tons in England and Wales alone last year—in power stations? Why not burn it underground in the seam, as is done in a gasworks, and pipe the coal gas straight to a power station?

As Mr Leslie Grainger, the National Coal Board's member for science, acknowledged yesterday, the idea has always been popular one with his technical colleagues. On the face of it there would be no need for coalface workers—and 30 or 60 miners still die underground in British pits every year. Environmentally, the idea seems to tick an intrusive activity tidily out of sight. It also appears to offer a way of exploiting the coal remaining in pits that have been abandoned, or in seam, too thin for access or too deep to be worked economically by men.

The accompanying sketch shows how it can be done. Two bore holes are drilled 50-70 feet apart into the coal seam. Air blown down one is used to burn the coal in a naturally formed "gasifier," to produce rather lean coal gas that leaves by the second bore hole.

Several countries have already shown that it works. The NCB in experiments at Newmav Spring in Derbyshire in the 1950s, successfully gasified about 180 tons of coal. In subsequent experiments at Bayton, Worcestershire, a high-voltage electrical discharge was used to elevate a path between the boreholes and so construct an *in situ* gasifier. Ingenious refinements have been explored by the Russians, whereby patterns of gasifiers of almost any shape and size could be created. U.S. experiments scheduled to start this autumn will use explosives to open a path between boreholes.

The gas made so far is indubitably lean and of the order of

100 BTUs (net cubic foot), even using the primitive technology of the 1950s—with close

nitrogen, and heavily diluted with close-spaced boreholes and no conveniently be used to fuel a combustion control—its fuel cost 17 to 24p per thermi would not be outrageous. Moreover, extraction efficiency—long held to be too low as to constitute a economic sense—and the

gross abuse of a natural resource—turns out to be not much less than present-day deep mining: 51 compared with 60 per cent.

NCB calculations suggest that

underground gasification do not look so good. In the first case there would be considerable risk of seepage of toxic gases into mine workings. In the second, the technical difficulties of entering abandoned seams appear to be deterring.

A third prospect remains, namely untrapped coal reserves lying to the east of Britain and offshore, at depths of 3,000 feet or greater. The NCB believes that underground gasification could be an economic way of exploiting these deposits once North Sea oil and gas supplies begin to dwindle.

Whether the environmental advantages of "mining" will prove as alluring as enthusiasts contend is an open question at this early stage in its renaissance. Sixty years ago Lenin foretold the benefits it would bring to miners. But no one can foretell how damaging will be the subsidies associated with gasifying a coal seam 50 to 100 acres in area every year, to feed a 100 MW power station.

What can be predicted with

some confidence, however, is

that if the technology of tapping "hot rock" for geothermal energy makes any

Government has already allocated £840,000 to explore this idea—the underground gasification of rare resources like coal should have

like coal prove its worth.

Unhappily, the prospects for trouble proving its worth.

Unfortunately, the prospects for trouble proving its worth.

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## LABOUR NEWS

# AUEW boycotts tribunal in Trico equal pay case

BY ALAN PIKE, LABOUR STAFF

**THE THREE-MONTH** equal pay tribunals on equal pay as a matter of strike at Trico-Folberth's Westerly general policy. The possibility of appearing at a future industrial tribunal hearing on Trico was not ruled out yesterday, with representatives of the strikers and the Amalgamated Union of Engineering Workers boycotting the hearing.

A decision from the tribunal on the company's application for an order which would have the effect of establishing that it is not breaching the Equal Pay Act by paying women workers less than five men who do similar jobs is expected within a week.

Two of the Trico strike leaders, Mrs. Eileen Aiston and Mrs. Sally Groves, were named in the application. The strikers had said that they would not attend the hearing because they were not satisfied with the way in which tribunals were applying the Equal Pay Act.

Mr. Hugh Scanlon, AUEW president, said after an executive meeting yesterday that the union had not decided to boycott

transfer to day work and the women are claiming the same pay as these men.

As a result they lost their £13 a week night premium, but were allowed to keep a £6 nightshift rate for a limited period of about a year.

Mr. Kemp told the tribunal that it was accepted that the men and women did the same work and were working alongside each other. The difference in pay resulted from a material difference in their position other than sex.

The only alternative would have been immediately to bring the five men down to the unisex rate for the job although they had, unlike those night shift workers who opted to leave, received no severance or redundancy pay.

The company had tried to deal with a difficult position in a sensible and humane way and deserved credit rather than criticism, Mr. Kemp said.

Five of the men agreed to

## Newspaper reports are curtailed by NGA blacking

BY CHRISTIAN TYLER, LABOUR STAFF

**NEWSPAPERS** racing pages and Stock Market price lists were curtailed yesterday because of a ban by the National Graphical Association on material from three British news agencies.

NGA printing compositors in newspapers all over Britain have been instructed to "black" copy from the Press Association, Reuters and Exchange Telegraph sent down to them for setting last type.

An NGA official said that other print unions had been asked to co-operate.

The blacking was ordered on Monday because of a four-year-old row in the NGA. A 130-news agency members were expelled from the union five weeks ago for refusing to pay subscriptions to the London

retirement fund.

Other members were told

not to work beside their

expelled colleagues and now

pressure has been increased

with the national blacking

instruction.

The union said that it was

up to the expelled members to

apply to rejoin. Meanwhile,

officers of the Newspaper

Publishers Association were

meeting to discuss the dispute.

A spokesman for the expelled

men said that the retirement

scheme was "of extremely

dubious value." All other

union dues had been paid.

The agencies involved supply

a wide range of domestic or

foreign material to almost

every daily newspaper in

Britain. It ranges from news

stories to commodity prices.

## Honeywell workers drop strike action

BY OUR GLASGOW CORRESPONDENT

**ABOUT 1,400** hourly-paid day to allow negotiations to proceed at Honeywell's three sites on a manning dispute. Scottish factories in Lanarkshire, who have been on strike since last Wednesday, agreed at mass meetings yesterday to return to work to-day after settlement of their pay claim.

The workers, mainly women, will receive a 5 per cent increase from August 11 under a compromise formula agreed at talks in London involving the TUC and Department of Employment.

**Designed** The strike began when 200 skilled employees were told they could not expect a rise until January because their last £8 increase had been paid in two instalments, the larger in January this year. This complicated pay with limit guidelines that no pay rise should be granted for a year from the last increase.

By averaging last year's increases, the formula is designed to bring the settlement within the pay guidelines. Final approval by the Department of Employment is still awaited, but neither side expects any problem.

About 1,200 hourly-paid workers at Massey-Ferguson's Kilmarnock combine harvester factory returned to work yesterday.

The seven-day-old strike and factory occupation by 485 workers at Rolls-Royce's Blantyre works continued yesterday in protest at the company's plan to run down and close the plant by next summer and transfer work to the main Scottish factory at Hillington.

Rolls-Royce's other 5,000 Scottish employees have been operating on an overtime ban for three months in support of the Blantyre workers, who are due to meet to-morrow.

### Support vote

**SOUTH SHIELDS** members of the National Union of Seamen voted yesterday to support "any industrial action the executive may decide upon" in the union's fight to have payment of its next wage increase brought forward.

Stage hands are picketing the theatre entrances. Chief steward Mr. Konrad Fredricks said that the move to a theatre with three auditoria meant the whole agreement had to be changed.

As soon as the ten suspended stage hands were reinstated, performances would start again.

The stage hands earn between £30 and £120 a week, depending on overtime. Basic pay is £30 a week, said the company.

**£300 extra offered to dockers**

By Ian Hargreaves, Labour Staff

**LONDON PORT** employers have increased the cash incentive being offered to dock workers to move from up-river jobs to Tilbury by £300 to £1,000 a man.

Unions demanded £1,500 and will disclose at a meeting with employers tomorrow whether the new offer is acceptable.

The employers also modified their proposal that the scheme should apply to all men working outside Tilbury in face of union insistence that it should apply only to men displaced from the West India and Millwall docks, whose future is the subject of discussions within the Port of London Authority.

The employers' latest position is that only men from West India, Millwall and the Royal group of docks would be eligible for the payment.

**Nine men suspended by Jaguar**

**THE NINE** men involved in the Coventry inter-union dispute at Jaguar Cars have been suspended without pay for two weeks while they decide on an offer of alternative jobs.

The suspensions came after the findings of an inquiry by the Advisory Conciliation and Arbitration Service, but so far, have brought no reaction from union officials or members involved.

The transfer of the nine men — who work in the company's component-making press shop — from the Transport and General Workers Union to the Amalgamated Union of Engineering Workers, brought an allegation of membership poaching and their 80 workmates refused to operate with them.

The 80 went on strike, causing more than 5,000 men, mostly car assembly workers, to be thrown idle for more than five weeks. Production worth £1m. was lost.

### R. PATERSON & SONS LTD.

Points from the Annual Report and Chairman's Statement for the year ended 31st March 1976.

Results	1976	1975
Group Turnover	£9,635	£9,444
Profit before Taxation and Extraordinary Items	433	199
Taxation	213	101
Extraordinary Items net of taxation	23	NH
Dividends paid and proposed*	94	36
Profit retained	103	62

\*The aggregate of dividends paid amounts to £951.54.

These results include share of profits for the 52 weeks ended 3rd January 1976 from Schwartz Spices Ltd, 50% of which is owned by our company.

The year's profits are somewhat less than we had expected when the Directors' Interim Report was issued. Our expectation was that the second half-year's results would be better than the first six months but margins continued to be under pressure caused mainly by the continuing increase in the price of raw coffee.

**Operations and Developments** A considerable amount of development work has taken place during the year across the range of your company's activities. A Wines and Spirits division has been set up and further developments in the division are planned for the current year. Two other areas of operation which have been given high priority by your Directors are new product development under the Group and the further development of integrated systems of distribution of all our products.

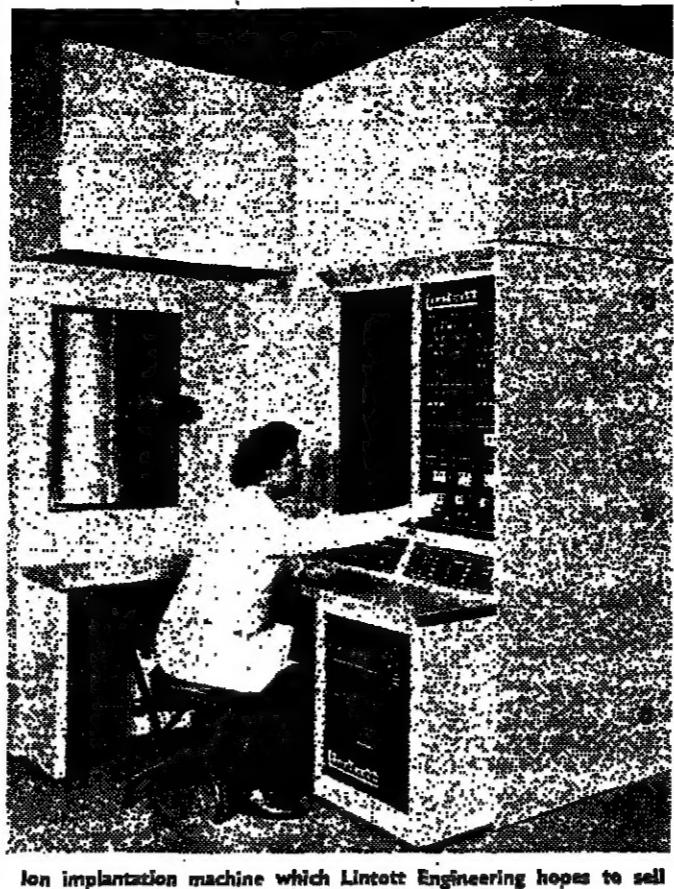
**Prospects** The continuing fall in the value of the pound brings its own problems for your company. Coffee is still a major part of your company's activities and we have seen dramatic increases in the price of this commodity, in a little over a year. Your company has progressively increased investment in its various areas of operation. Despite international and national economic pressures your Board are hopeful that further progress will be made in the current year.

Full copies of the Report can be obtained from the Secretary, R. Paterson & Sons Ltd., 77 Charlotte Street, Glasgow, G1 5DQ.

# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ELECTRONICS



Ion implantation machine which Lintott Engineering hopes to sell to both the U.S. and Japan.

## Ion gun export bid

A BRITISH company is exploiting the firm market in high-current ion implantation machines increasingly needed by the world's semiconductor industry.

Lintott Engineering of Horsham, Sussex, has designed a machine costing in the region of £100,000 which is thought to have a price edge of 10 to 15 per cent. on its U.S.-built equivalent. One of the machines, shortly to be installed at Swindon, has been sold to Plessey Semiconductors, and Lintott has also signed agency agreements in the U.S. and Japan, where most of the market lies.

Ion implantations is the "high technology" equivalent of a process known as diffusion in semiconductor manufacture, a fundamental part of which is putting a small number of "impurity" ions (for example boron or phosphorus) into the surface of the ultra-pure silicon wafer so that the devices finally made from it have the needed current-carrying characteristics to perform the desired function.

To date this has been done by carefully heating the silicon in an evacuated oven in which a controlled amount of impurity is present.

The impurity ions diffuse a short distance into the surface, but it has always been difficult to get them to do so in a precise and consistent way.

In ion implantation, they are "shot" at the surface electronically, having been precisely selected and accelerated by powerful magnets and high voltage acceleration "gun". Such controlled and reproducible penetration is increasingly needed in modern device manufacture.

Development of the new machine, called Series III, has been assisted by the Department of Industry and UKAEA Harwell, and it incorporates all that is necessary for implanting on a mass production basis. Throughput is typically 400 two-inch wafers per hour and the doping uniformity, wafer to wafer and batch to batch, is better than 1 per cent. at one standard deviation. With an overall energy of 200 keV most industrial requirements are covered and by using an energy of 400 keV can be obtained at useful current levels.

The machine is largely self-adjusting and self-monitoring and, after loading (wafers up to six inches could be accommodated) closing the chamber door initiates the process.

The impurity ions diffuse a short distance into the surface, but it has always been difficult to get them to do so in a precise and consistent way.

GEORGE CHARLISH

## AGRICULTURE

### Protects trees from birds

A GAME and bird repellent for use on trees, shrubs and crops is being introduced by Duopharm Midox, Sturden, Kent (02337 541), at the National Forest Machinery Demonstration, Longstanton (September 22 to 26).

Called Adaptite, the product, which has persistent adhesive properties, contains a special formulation of Ziram. It can be used as a spray for painting the trunks of trees; as a concentrated spray for protection of trunks and main branches; as a diluted spray for the protection of fruit bushes, field crops and ornamentals.

Used undiluted as a paste, a 5kg pack is stated to be sufficient to protect 400 to 750 trees for about five months. As a diluted spray, two packs will cover one acre.

TESTING OF vhf and uhf transmitters and receivers used in mobile radio-telephone systems can be achieved with a single, compact unit combining a number of different test and measurement functions. Wilmot Breeden Electronics is to market the new instrument under the Wayne Kerr banner as Teleset C.

The suspensions came after the findings of an inquiry by the Advisory Conciliation and Arbitration Service, but so far, have brought no reaction from union officials or members involved.

The transfer of the nine men — who work in the company's component-making press shop — from the Transport and General Workers Union to the Amalgamated Union of Engineering Workers, brought an allegation of membership poaching and their 80 workmates refused to operate with them.

The 80 went on strike, causing more than 5,000 men, mostly car assembly workers, to be thrown idle for more than five weeks. Production worth £1m. was lost.

## Lasers from France

AVAILABLE in the U.K. from Wilmot Breeden Electronics, Durban Road, South Bersted, Bognor Regis, West Sussex PO22 9EL, Bognor (02438 2581).

Called Adaptite, the product, which has persistent adhesive properties, contains a special formulation of Ziram. They are designed for civil marine and heavy engineering applications.

There are special versions explosion-proofed for use in mines and petrochemical plant, and other splash-proof models intended for shipbuilding, construction and general industrial use.

Mains and battery operated types can be supplied.

Also offered is a wide range of accessories to enable the user to carry out various measurement and alignment tasks, including marking out to 0.5mm over 50m and producing right angles and perpendiculars to better than five seconds of arc.

Apart from the greater speed obtainable in comparison with conventional methods, Specified claims that fewer and less skilled personnel are needed to carry out tasks such as levelling and marking out. More on Windsor 53132.

## INSTRUMENTS

### Tests all types of RT units

TESTING OF vhf and uhf transmitters and receivers used in mobile radio-telephone systems can be achieved with a single, compact unit combining a number of different test and measurement functions. Wilmot Breeden Electronics is to market the new instrument under the Wayne Kerr banner as Teleset C.

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## RESEARCH

### Will aid testing of satellites

A VIBRATION test system has been delivered by British Electronic Controls of Royston, Herts, to the Indian Government. It is expected to be used in the Indian space programme for testing communications satellites.

The system can be used for testing any high performance equipment, such as



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WEDNESDAY, AUGUST 18, 1976

## An unsettled dispute

WHEN announcing his July measures, the Chancellor gave day is a preliminary estimate as one important reason for the based on production data. The proposed cuts in public expenditure the fact that the growth of that the output-based estimate the economy during 1976-77 was usually considered to be the now expected to be somewhat most reliable measure of short-faster than he had expected at term movements. But it will be remembered that the index of industrial production for Co-operation and Development June published last week brought out a report soon afterwards in which it put the put and that the CSO itself did prospective growth of the U.K. not take the figure too seriously. The drop might be partly the Chancellor's figure, he was quick to repudiate it. Yet, despite continued reports of weather had caused a drop in overtime, or a rise in absenteeism, or simply a slower rate of working. Of more importance, however, were two official statistics have not provided an unambiguous picture of steady growth and it is difficult to be sure exactly how the economy is behaving.

The publication of the official estimate of gross domestic product for the second quarter of account: the other lay in the fact that the production index is partly based on deliveries of goods rather than actual output of them.

### Fine tuning

If the production index is suspect, an estimate of GDP which is largely based upon it must be similarly suspect; and it is doubtful if next month's fuller figures will provide much greater certainty unless the alternative measures come unusually close together. One may argue that if there had not been a post-Budget reaction in consumer expenditure and if the weather had not been so hot in June, the GDP Index would have come out somewhat higher. But the fact of the matter is that there is no certainty about the way in which the economy was behaving in the second quarter and that the present time, with summer holidays in full swing and drought beginning to affect production, is perhaps the worst possible for guessing at its position on the charts. That in itself is no great loss. When one considers the margin of error surrounding these statistics, however, the Chancellor's claim last month that he was seeking to fine-tune the growth of the economy to within 1 per cent, begins to look rather absurd.

## Benefit of the doubt in Spain

WHEN King Juan Carlos of Spain dismissed Sr. Carlos Arias Navarro as Prime Minister last June, the natural conclusion situation it is hard to see it having much political success.

It is therefore going to be a question of establishing sufficient trust among a sufficient part of the population that the Government is acting in good faith. The confides are very narrow. On the one hand, there is the far Right which is still influential in the Cortes and parts of the military and which appears at times to oppose any reform at all. On the other, there is the far Left, which probably does not want a democracy, and the Spanish Communist Party, which says it does but only if it is allowed to participate. The strength of the Right is such that it does not seem likely that the Government will risk picking a fight with it for the sake of legalising the Communist Party.

### Cortes

The Government's most immediate test will probably come with the reform of the Cortes itself. Sr. Arias when he was Prime Minister rather ducked the issue with his cryptic remark about there being "no reform without continuity and no continuity without reform." What he presumably meant was that reform had to be approved in order to be legitimate by the institutions inherited from General Franco.

In this way the Cortes would have to agree to vote itself out of existence so that it could be replaced by something else. But it might very well come to the point where the Cortes refuses to do so. It is this possibility for which the Government must now be prepared. Rather than water down legislation, as Sr. Arias was inclined to do, in order to get it through, the King must be ready to rule by decree. It may seem a strange way of approaching democracy, but it stands a better chance of success than bowing to the old methods. And yet if the present Cortes

The Financial Times, Wednesday August 18 1976

Ambivalent France, and U.S. domination, make EEC collaboration difficult. Reginald Dale report

# Weaknesses in Europe's high technology

JUST over 3½ years ago, when Britain joined the Common Market, the EEC Commission was busily studying a series of industrial policy proposals the main drift of which was that West Europe's high technology industries should regroup at Community level. The Commission's thinking was based on the conviction that it was only by pooling its resources that Western Europe could stand up to the American challenge and ensure an independent future for its advanced technology industries. Even at the time, many people thought that the McDonnell Douglas share in the Mercure 200 project is only 15 per cent, and anything the events of the past few years, leading up to last week's French decision to co-operate with the American giant McDonnell Douglas on the Mercure 200 airliner, have tended to cast further doubt on the viability of the approach.

In practice it has often been the French Government that has appeared to undermine efforts at technological collaboration, despite its public protestations that it is the most "European" of all the Nine. France, for instance, roundly condemned Belgium, the Netherlands, Denmark and Norway for their lack of "Europeanism" in buying American aircraft in the "arms deal of the century" in preference to French Mirages. But France is the only major Community aircraft producer to have stayed out of the Multi-Role Combat Aircraft (MRCA) project. In which Britain, Germany and Italy are participating, France was responsible for the collapse of the Unidat computer group, linking the French CII with the German Siemens and the Dutch Philips; and the decision to go ahead with the Mercure 200, a larger version of the unsuccessful Mercure 100, with McDonnell Douglas is regarded, at least in British circles, as a further threat to European co-operation on civil aircraft.

Inside France, the Left and the trade unions are already showing signs of concern that the deal with McDonnell Douglas will increase the threat of American dominance over French industry — despite Government assurances to the contrary. In fact, Paris has over the past few years been following a consistent policy of trying to assure a maximum of French control, not only vis-à-vis the U.S. but also with regard to European companies with whom it does business. One of the main reasons for the French withdrawal from Unidat seems to have been unhappiness over the dominant role of Siemens, with a computer division twice the size of CII and a greater amount of new technology. In exchanging Unidat for the link with the American Honeywell in CII at least until France has provided much clearer details of planning a joint engine develop-



The Airbus A300 ER.

ment with Pratt and Whitney, effort to get together to meet McDonnell Douglas. One consequence could well be a new trans-Atlantic collaboration fast-growing field of micro-electronics, in which U.S. companies already dominate the European market. With the speed of the development of integrated circuits, the Europeans are rapidly becoming aware that whole sections of their industry, ranging from television sets to cars, could become dependent on American components unless they combine to meet the challenge. If Britain, Plessey and Ferranti, together with the Department of Industry and the National Enterprises Board, are nearing a decision on whether the two companies' micro-electronics subsidiaries should be merged, possibly with Government financial help.

But perhaps the best prospect for European collaboration in the nuclear field, and particularly that of fast reactors, one major area where Europe is maintaining a tenuous stake over American technology, many and Italy already have a presence in the French phoenix programme, and a question here is whether it will join in, as she has invited to do. The costs project are enormous, it equalising those of the Concorde, the environmental objections one main reason for the keenness to share the is undoubtedly the most that other Governments provide. Britain's decision is promised for the and although the Government more likely to take the pean option.

Technological Europe entirely dead. What does clear is that future operation will be on a meal, ad hoc basis, rather than the broad sweep original envisaged by the Commission. There are signs that the market is sufficiently fast-growing for there to be scope for the Europeans to respond to the challenge if they can organise themselves in time. But it will be difficult without the aid of American technology. Phillips has already bought Signetics, one of the medium-sized U.S. companies in the field, and both Siemens and Plessey have bilateral links with American companies for certain products. One of the major unsolved issues of the talks at European level is the future of these links. But there are few areas where the Europeans are making a more comprehensive

### RECENT FRENCH/U.S. DEALS

Industry	Principal French companies	Principal U.S. companies	Nature of Agreement
Nuclear Power	Framatome	Westinghouse	Licensing agreement for pressurised water reactors (to end in 1982)
Computers	C.I.I.	Honeywell	Merger
Aero-engines	SNECMA	General Electric	Co-operation on engine production
Airframes	Aerospatiale	McDonnell Douglas	Co-operation on aircraft production
Telecommunications	Dassault-Breguet	ITT*	French takeover
	Thomson-Brandt		* Also takeover of French subsidiary of Ericsson of Sweden.

level. In particular the Commission's lack of progress by the so-called side of the Atlantic. But also believes that Europe could "Group of Seven," a collection Siemens seems to be doing, reheat the Americans by up to two of European aircraft builders notably well on its own, as does years if the EEC manufacturers that are trying to agree on a Britain's ICL. The policy of co-operated in launching a new family of airliners for the both companies is now to form version of the Airbus, the so-future. The U.S. is by far the limited links with a wide range of other companies — ICL, for example, has set up a joint subsidiary with the American subsidiary with the American means that it is now virtually produced in Europe. Europe's Control Data to manufacture impossible to establish any two leading engine producers peripheral equipment in the firm plans for U.K. participation are already involved with American companies, so far inconclusive, with Honeywell and Rolls Royce. Where the Europeans are talking, so far inconclusive, with the Japanese.

remove the editor of National Savings' two magazines with no prospect at present of a replacement arriving before 1978.

Some worries have already been expressed that Radice's group might tend to take a worthy, rather old-fashioned Savings line rather than display the toughness the Committee probably needs to survive. The whole question, as a prominent National Savings man put it, has a touch of the Alice in Wonderland."

**Honest?**  
Company nicknames are part of life, but I do like the irony of the two senior executives in the same company — one called "Fluffy" and the other called "Turgid." "Fluffy" got his because the chief executive in those terms, "Turgid" got his for the same reason — but all he has done (he claims) was to submit the minutes of the last Board meeting.

**Frank?**  
Guernsey's Post Office, which has made over £1m. from the sale of stamps since going independent of the U.K. in 1969, yesterday took the unprecedented step of disclosing that the worldwide sales of its recent first Europa stamp issue now totals 1,185,014 sets. These are two stamps with face values of 10p and 25p which were issued in "mini sheets" of nine instead of the usual 25.

Long before the issue, the philatelic scene was alive with rumours that insufficient stamps were being printed to meet the anticipated demand... rumours under the cuts due to lose his efforts were not helped by the fact that less than a week after issue, the stamps became un-

## MEN AND MATTERS

### Alice in Savings land

Next week sees the first meeting of a working party whose members will start the process by which the National Savings Committee, the promotional and educational side of the Savings movement, must decide how to put together some new form of administration. For the Government has decided as part of its public expenditure cuts to withdraw the 580 civil servants who currently work for the otherwise voluntary organisation.

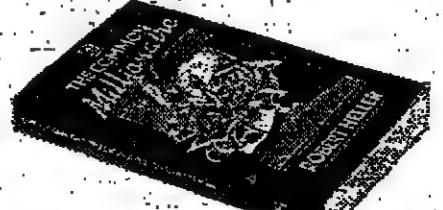
In a somewhat delphic statement, the Government has said it will continue some form of "financial support" and has asked the Committee to come up with ideas on how it will be run in future. The cost of providing civil service support is currently put at £1.8m. a year. The Committee realises that it will have to spend less than this, but, in a classic chicken-and-egg dilemma, wonders how it is to present proposals to Government when it does not know how much money will be available. Chairman of the working party is Italo Radice, who retired earlier this year as Comptroller General of the National Debt Office. "We are obviously going to have to cut through this vicious circle somehow," he says.

The "operational" end of the movement is the Department for National Savings. There, it is intended that the number of civil servants by early 1978 will be about 650 less than earlier estimates. The same date is the target for withdrawing the Committee's 580 staff, who include district commissioners.

This is National Savings Jubilee year, but there has been precious little atmosphere of celebration. As Radice says, there have been a "succession job at the end of this year. Among other things, this would



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Observer



# COMPANY NEWS + COMMENT

## TDG first half expansion to £6.96m.

FIRST HALF 1976 turnover of Transport Development Group increased from £61.87m. to £72.11m. and pre-tax profit advanced from £5.8m. to £8.96m. For the year 1975 turnover was £120.35m. and profit £12.12m.

So far second-half results have continued the pattern established in the first six months. A number of operating companies are reporting increasing activity which gives encouragement in the short term, however uncertain the long-term outlook for the U.K. economy may still appear to be, the directors state.

Earnings per 25p share for the first half increased from 1.13p to 2.64p and the interim dividend is effectively raised from 8.525p to 10p net. Last year's total was equal to 2.504p.

Of the pre-tax profit £5.825m (£4.377,000) was derived in the U.K. and the balance of £1.236m (£1.027,000) overseas.

In the U.K. since the end of the half-year a successful offer has been made to acquire the outstanding share capital of H. Cox and Son (Plant Hire), a result of which 92 per cent. of the capital is now held.

In Western Germany, holding companies are being established to facilitate acquisitions in that part of Europe. In Australia a joint Sydney-based transport company, Nied Transport Services, was acquired in April. There are now increasingly favourable opportunities for growth by the acquisition of sound and well managed businesses, the directors state.

### • comment

Transport Development Group's sensitivity to short-term fluctuations in the economic cycle is amply demonstrated by the 24 per cent. growth in pre-tax profits at the interim stage on the back of a 17 per cent. rise in sales.

The light industry in the U.K. economy has shown through dramatically on the haulage side (principally via higher margins) with a two-thirds rise in profits to £3.2m., accounting for 30 per cent. of the growth for TDG as a whole. The continental operations, which had been suffering from overcapacity, have also improved markedly in line with the European recovery.

Against this, the much more profitable storage interests, which normally contribute just under half total profits, had had a dull time, with dry goods warehouses suffering from client destocking. The other casualty of the economic cycle is the low-margin exhibition and reinforcement sectors and as yet there is no sign of any real improvement here; but with continued substantial growth in haulage profits and signs of renewed stockbuilding in the storage subsidiaries, pre-tax profits of £14.0-£15m. look on the cards for the full year. The shares closed 3p higher at 54p, where they yield 8.0 per cent.

## Clayton Dewandre upturn

VEHICLE EQUIPMENT manufacturers, etc., Clayton Dewandre Holdings report British sales up 10 per cent. from £18.89m. to £19.87m. and a profit of £1.590.769, against £1.570.899, subject to tax of £340,000, compared with £330,000.

The interim dividend is lifted from 1.707p to 1.89 net per 25p share. Last year's total was 1.718p from profits of 2.58p.

Against a background of depressed economic conditions which led to short-time working during the half-year, the directors regard the results as satisfactory.

The predicted upturn in the economy is now reflected in the forward schedules of main customers. But their effect will only be apparent during the last quarter of 1976, the directors state.

Subsidiaries in Belgium and Brazil have been formed and several other overseas projects are being negotiated.

### • comment

Considering that Clayton Dewandre suffered a significant fall in pre-tax profits during the first half, which averaged about 10 per cent. of short-time working, the marginal rise in pre-tax profits seems fair enough. The group is concentrating on building up exports but has not progressed quite so far in this direction as many of its competitors (last year those negotiated for only 1.6 per cent. of sales). The second six months should see some improvement.

### INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
American Trust	16	6	Ireland (E.)	14	1
Associated Tooling	16	1	Lambert Howarth	16	5
Belgrave Assets	16	6	Meat Trade Suppliers	14	6
Brent W. & S.	14	3	Mercantile Investment	16	3
Brotherhood (Peter)	16	3	Negretti & Zambra	14	2
Clayton Dewandre	14	1	Nottingham Mfg.	16	1
Crowther (W.)	14	2	Offex Group	14	4
Glynwed	16	3	Sedgwick Forbes	16	5
Heath (Samuel)	16	2	Transport Development	14	1
Heron Motor	16	4	Wriggins Construct.	16	3

crease in the growth rate, since it will compare with a less buoyant period than the first half, but any significant improvement will probably have to wait until well into next year. In the meantime, the balance sheet remains strong and the shares at 79p are well supported by a yield of 11.89 per cent.

## Negretti has better second half

THE YEAR ended March 31, 1976, at Negretti and Zambra sees pre-tax profits 3 per cent. ahead from £62,103 to £67,515 after being down from £90,888 to £76,338 at midyear.

Turnover for the 12 months amounted to £7.17m. compared with £6.19m., an advance of 10 per cent. Direct exports are up 17 per cent. in sales.

Earnings per 25p share improved from 8.5p to 8.8p and the dividend payment is raised from 2.685p to 2.9675p net.

Mr. R. E. Ford, in his first annual statement as chairman, reports that overall figures with record levels of turnover and trading profit disguise the effects which last year's recession had on individual companies within the group.

The balance sheet at December 31, 1975 shows funds available to ordinary shareholders of £20,290, (£21,13m.), loans of £22.0m. (£7.33m.), bank overdrafts of £3.78m. (£3.96m.) and net current assets of £20.33m. (£8.13m.).

Meeting, Bath, on September 9 at 11.30 a.m.

## Brent Walker confident

THE PERFORMANCE in the current year of leisure group, Brent Walker, is more than satisfactory, says the managing director and chief executive, Mr. G. A. Walker.

And he is confident that the results for the year will place the group back on its expansion path.

Amplifying this, the chairman, Mr. L. A. Curtis, says in 1976 with new activities, particularly the Westcliff Leisure, Sporting and Country Club now making useful contribution the directors look forward with great confidence to a substantial increase in profits.

"We have further ideas and plans for leisure operations at home and abroad: with the monies realised from the sale of our share of the Brent Cross Development we now have a strong liquidity position and our existing trading activities in the U.K. are performing most satisfactorily," he adds.

"A circuitous route to the sale of the holding in Brent Cross Development disclosed that expenses and cost of the issue of the circular are estimated to amount to £225,000."

Proceedings have been commenced against G. and W. Walker by Rush and Tompkins for £274,000 alleged to be due for the construction of the leisure centre at Westcliff-on-Sea. G. and W. Walker seek to set off and counter-claim a sum in excess of the claim against it. On July 25, G. and W. Walker's claims the proceedings be stayed pending an appeal which was upheld in the High Court, and the dispute is now subject to arbitration.

As reported on August 11 group pre-tax profit for 1975 slumped from £829,171 to £194,046. The dividend is raised from 0.93625p to 1.018355p net.

Meeting, 29, Tower Place, Tower Hill, E.C. 2, September 9 at 4.30 p.m.

### • comment

After a conference with his counsel, Brent Walker believes it is in their opinion the lower costs could be attributable to increased sales.

Properties are included in fixed £1.7m. This means that the net assets at valuations made on various dates.

Development land and property has been valued by the directors at December 31 at £828m. which is in their opinion the lower costs could be attributable to increased sales.

Properties are included in fixed £1.7m. This means that the net assets at valuations made on various dates.

The leading U.S. insurance consultants and industry analysts, Conning of Hartford, offer the following current publications:

- PROSPECTS FOR U.S. AUTO INSURANCE UNDERWRITING IN 1976-1977 \$200
- RESERVE ANALYSIS OF THE LARGEST 29 PROPERTY AND CASUALTY COMPANIES \$500
- AUTO RESIDUAL MARKET PROJECTIONS FOR 1976-1977, including data on U.K. insurance companies \$100

## SOLVENCY OF U.S. BANKS AND INSURANCE

The major authority on U.S. banking, Keefe Management Services Inc. have published their annual analysis of the capital, reserve and earning ratios of the major banks. Key questions are addressed including:

- REAL ESTATE LOANS
- BAD LOAN CHARGE-OFFS
- CAPITAL ADEQUACY
- FINANCING NEEDS

The components of this service are priced at \$500-\$700 each and can be bought individually.

These are important tools for company treasurers, bankers and insurance company officers.

Please write or telephone:

**FOX-PITT, KELTON INC.**  
Robin Monro-Davies, Director,  
19/21 Wilson Street, London EC2M 2TA.  
Tel: 01-638 9625 Telex: 884163

Fox Pitt Kelton Inc., London, are the European associates of Conning and Co. and Keefe Management.

### DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding date for year-end	Total last year
Alwood Machine Tools	0.23	Oct. 4	0.2	0.2
American Trust	0.42	Oct. 10	—(b)	1.91
Associated Tooling	1.00	Oct. 1	0.7	2.03
BCA	0.26	Sept. 24	0.26	2.03
Bell Telephone	0.26	Sept. 24	0.26	2.03
Peter Brotherhood	4.06	Nov. 26	5.69	5.69
Capital & National Trust	2.5	—	2.5	2.5
Capital & National Trust	int.	April 8	1.0	—
Clayton Dewandre	1.18	Oct. 19	1.71	5.72
W. Crofters	2.34	Oct. 1	2.31	4.04
First Scot. American	0.7	Oct. 1	0.7	2.2
Samuel Heath	2.6	Sept. 28	2.37	2.8
Herex Motor	1.43	Oct. 1	1.35	2.87
Lambert Howarth	1.18	Oct. 1	0.87	1.51
Hukom (Assen) Tea	0.26	Sept. 30	0.15	1.58
Meat Trade Suppliers	3.65	Sept. 30	7.15	7.15
Mercantile Trust	0.2	Oct. 3	0.2	1.61
Nottingham & Zambia	2.96	Oct. 1	2.68	2.68
Nottingham Manufacturing	int.	Dec. 1	0.75	2.84
Offex	0.83	Oct. 30	1.03	2.38
Sedgwick Forbes	3.5	Oct. 4	3	7.81
Transport Development	int.	—	—	—
Wriggins Construct.	1.0	Nov. 8	0.65	1.38
Whinmore Trust	0.35	Sept. 28	0.33	1.38

\* Equivalent after allowing for scrip issue. (a) Final 5.00p forecast.

(b) Total of 1p intimated. (c) South African cents. (d) For 12 months:

Industrial fastenings, markings and non-metallic strapping equip.

A meeting of members of the

BPES will be held on September 7 to consider the recommendations.

• comment

Offex has put its profits back

on the upward trend in the

current year. First half profits

are 18 per cent. up on the corre-

sponding period and almost 75

per cent. ahead of the previous

12 months. Losses at the two main

manufacturing companies worsened

significantly during the first half.

But the group was able to achieve

a turnaround in profits, worth

£50,000, at its U.S. operation,

as well as some substantial

cost savings in the U.K. unit.

Mr. G. Dreher says the outlook is

more optimistic.

The interim dividend per 20p

share is increased from 1.05p to 1.15p net. Last year's total profit of

£1.69m. was £2.28m. from profits of

£1.69m. and £2.28m. from profits of

# Ericsson hit and forced by big losses in Brazil

BY JOHN WALKER

STOCKHOLM, August 17.

M. ERICSSON, the Swedish share of Kr4.30 compared with communications group, state the report for the first half of the year that unrealised foreign exchange losses amounted to Kr7.56 last year. The margin, being the difference between sales and manufacturing costs, improved by 2.1m., of which a substantial part which contributed to the increase in income from operations of Kr9.1m., after group pre-tax profit deduction of general expenses amounted to Kr1.75m., compared with depreciation. The excess of Kr30m. in the first half of interest expense—including corresponding to 2.6 per cent. foreign exchange losses over interest income increased by Kr3.5m.

Orders received by the group during the first six months of 1976 amounted to Kr3.8m., which was virtually unchanged from that of the corresponding period in 1975 at Kr4.0m.

Efforts to improve the profitability of the Brazilian subsidiary led to a significant increase in local production with the result that the need for expensive imports could be further reduced. The company's results from operations before financial income and expense items improved significantly. Major increases in interest expenses and most of all, exchange losses in foreign currency debt, because of the rapid fall in the value of the cruzeiro, offset the benefits obtained and the company reported further losses.

The group forecast for the whole of this year is that sales are expected to increase by about 20 per cent, assuming no serious disturbance in the labour or foreign exchange markets. Under the present circumstances it is difficult to determine the outcome of many factors that affect the annual result. A decrease of about 30 per cent. in income after charging unrealised exchange losses but before special adjustments and taxes, as compared with 1975 appears likely, the report states.

The recovery unquestionably has also been stimulated by the typically energetic lobbying of M. Borel himself. On Friday, in the midst of the shares' misery he appeared at the Bourse in person, to drum up support. Nonetheless, the slide has been a real setback for a group which has grown at a breakneck pace over the last three years to boast sales of over Frs.1bn.

Buoyant profit trend in South Africa

BY RICHARD ROLFE

JOHANNESBURG, August 17.

SPITE THE continuing weakness of the Johannesburg market, industrial companies are generally reporting buoyant profit rises and in a large number of cases raising their dividends too. The yield and pay patterns are becoming increasingly favourable except in the case of groups heavy gold exposure. This is to the batch of results flowing through from companies with June 30 year-end and includes a number of very general interests which should in theory have moved already to economic slowdown.

The moral seems to be that voluntary price control aims and anti-inflation campaigns are a hindrance at least as much as a help as the observances of the labour forces are being tested down. The next six weeks will probably present a rent picture; however, at that is what the stock market is signalling.

Overall earnings are up from 10 to 15 per cent. on the previous year against an average West German retailing growth of 7.6 per cent.

Turnover totalled DM1.29bn. (Fr2.84m.)—up 7.35 per cent. on the previous year against an average West German retailing growth of 7.6 per cent.

Atlas margins fall



## KENNECOTT PEABODY DIVESTITURE

# On the horns of a dilemma

BY STEWART FLEMING, NEW YORK AUGUST 17

HARASSED executives of Kennecott Copper, the country's leading copper producer, over the coming weeks will be hastily trying to conclude the biggest Government enforced divestiture by a U.S. corporation. After buying Peabody Coal in 1968 for just over \$500m., Kennecott is now desperately trying to sell it, having in the meantime invested another \$500m. in what was already the biggest coal company in the United States. Peabody accounts for \$914m. of Kennecott's \$2.3bn. of total assets.

The urgency stems from a move by the Federal Trade Commission, the Government anti-monopoly organisation which initiated the divestiture proceedings almost before Kennecott had completed the purchase.

The FTC has petitioned a Federal court to cite Kennecott for contempt of having not allowed Peabody, and the court could levy fines of over \$1m. a day on Kennecott's directors until the sale is made.

Kennecott's anxious executives might sleep a little easier if they could believe that once the sale is completed their troubles might be substantially reduced. But this is unlikely. For with all Peabody, Kennecott becomes either an undercapitalised, over-leveraged international mining company facing a hard time raising new funds, or alternatively a cash rich but not very profitable concern with a non-impressive profits record and a lot of ground to make up in the copper businesses.

Which of these alternatives Kennecott becomes depends on how divestiture is accomplished. If it succeeds in selling Peabody

for cash as a unit, the divestiture would bring in close to \$1bn. It was that since Peabody was a potential entrant into coal mining in any case, by buying Peabody (the biggest in the industry) it was diminishing holders (the other plan known to be under consideration) if little the potential competition will not pull in enough cash to cover Peabody's debts.

The Government's case was also based on the pre-supposition

that the structure of the coal industry, for several months.

Kennecott is also now suffering from its eight-year struggle to keep Peabody, for Peabody's earnings this year do not look like matching last year's and the outlook for the coal industry is now more uncertain. The slow recovery in the U.S. economy has meant that the demand from both the major users of coal, the steel and electricity industries, has not picked up quickly and the industry is suffering from overcapacity. Things would look better if the Government were to press ahead with a programme to substitute coal for oil in some power stations, but this programme has stalled.

Thus, over past months the value of Peabody has been slipping, except perhaps to purchases with steel or electricity supply interests who are seeking to secure their own coal supplies.

## Unhappy detour

It is hard to believe however that Kennecott's directors are not looking ruefully at the sight of Atlantic Richfield, one of the oil companies building a very strong position in the coal industry this year, buying its rival Anaconda while Kennecott is being forced to sell its coal

interests. The cost of Kennecott's unhappy detour into the coal industry is in the eye of one "insider"—inevitable in terms of the dissipations of management effort. It has had no concrete manifestation in the diversion of resources. While investing those \$500m. in Peabody, Kennecott has not been developing its copper interests, although its copper capacity is around 450,000 tons a year. This is especially true at present for the copper appears to be considerably uncertain about the guidelines which the Federal Trade Commission and the Justice department will apply in deciding whether to attack an acquisition and the extent to which the court will in any case take time. Even if Peabody is sold to one of the prospective purchasers who regulators into action.

**Caution**

However, the divestiture is

complicated, whether by the sale

of Peabody as a unit or by spin-

ning off the bulk of its stock to

shareholders. It will remain as a

caution to U.S. business on the

pitfalls of acquisition based on

expansion at a time when merge-

activity is increasing. This is

especially true at present for

the copper appears to be considera-

bly uncertain about the guidelines

which the Federal Trade Com-

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ment will apply in deciding

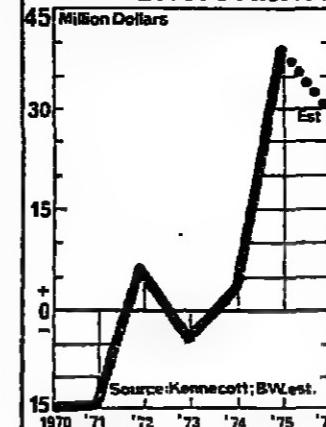
whether to attack an acquisition

and the extent to which the cou-

nerning power will stir the

regulators into action.

## PEABODY'S CONTRIBUTION TO KENNECOTT'S PROFITS



Source: Kennecott; BW&V

## Substantial second quarter profit gains for Philips

BY MICHAEL VAN OS

PHILIPS, the large Dutch-based electrical and electronics company, to-day reported substantial increases in trading profits and net profits for the second quarter. These results tend to confirm that recovery is now well under way. Philips has maintained its earlier sales volume forecast for the full year and, as for profits, it was stated to-day that they may be slightly higher than was first anticipated.

To-day's financial statement shows that net profits amounted to Frs.12.25m. in the second quarter, compared with Frs.8.8m. in the same period last year, bringing the six-months profits up to Frs.23.2m., which is slightly above the previous year's rather disappointing level. The statement for the year, published to-day, says that profits were, above all, negatively influenced by "unsatisfactory inventory differences."

The quarterly's sales have risen in Frs.7.18m., which is up 18 per cent. and the January-June sales figures is brought up to Frs.14.08m., which is 17 per cent. above last year's comparable period.

The Philips second quarter trading profit amounted to Frs.491m. (Fr.23.3m.) in the first half. Though still relatively low, the trading profit as a percentage of sales improved to 6.9 per cent. in the second quarter (4.1 per cent.) and to 6.4 per cent. in the first half (4.7 per cent.).

Sales increases had been achieved in virtually all product sectors—consumer products, industrial supplies, professional equipment and the "other" sector. Considered geographically, sales showed most pronounced rises in the Western Hemisphere, with Europe trailing somewhat.

"Trading profits went well in all

sectors except 'other products,' compared with the first half of last year, and in the consumer products sector, trading profits were considered satisfactory.

Mr. Spinosa Cattela said that the Philips group were able to maintain its estimated volume sales forecast for the whole of this year—a 7 per cent. increase, compared with a comparable increase of only 2 per cent. last year. He said that the value of first half sales had been up 17 per cent. and out of this new consolidation accounted for 2 per cent. with currency exchange fluctuations having virtually no effect on the development of net profit sales. Compared with 1975, profits would show an "improvement," said the Philips Board, after having talked of a "slight improvement" in May.

Discussing the Philips activities in Holland, Mr. Spinosa Cattela said that although turnover totalled Frs.1.78m. (Fr.1.8m.)—up 7.35 per cent. on the previous year against an average West German retailing growth of 7.6 per cent.

At the end of June stocks, as a percentage of sales for the last 12 months, fell to 32 per cent. from 38 per cent. the same time last year. The average credit period for trade debtors was 2.6 months (2.7 months). Total liabilities as a percentage of total capital employed were unchanged at 63 per cent.

## German stock market to benefit from tax change

BY PAULINE CLARK

THE introduction of an imputation system of taxation for German corporations next year could increase the size and importance of the stock market and, with more private companies addition wider ownership of shares is expected to be encouraged by removal of discrimination between large and small shareholders so that no

advantage will remain in having a company.

The Board said that this year's investments would about equal those of last year, which amounted to some Frs.1.4bn. Borrowing in the first half had been restricted to re-financing redemptions, it was stated. The increase in the rate of capital turnover and the decrease of the average interest-bearing capital had the effect of easing the cost of financing.

At the end of June stocks, as a percentage of sales for the last 12 months, fell to 32 per cent. from 38 per cent. the same time last year. The average credit period for trade debtors was 2.6 months (2.7 months). Total liabilities as a percentage of total capital employed were unchanged at 63 per cent.

The main features of the reform include the removal of the double taxation on dividend financing capability will probably lead to greater calls on shareholders for equity funds.

The brokers point out that the Board's point out that assuming dividends are maintained the net yields for shareholders entitled to the credit will be significantly higher.

At the same time higher taxes for the companies and lower self-financing capability will probably lead to greater calls on shareholders for equity funds.

The brokers conclude that removal of the tax advantages of companies not incorporating is likely in the longer term to persuade some of the vast German partnerships, such as the Flick Group, to come to the equity market.

## Procter and Gamble earnings increase

BY STEWART FLEMING

PROCTER AND GAMBLE, the leading U.S. soap and detergent manufacturer, has announced an increase in net earnings for its fiscal year to June 30, 1976 of 20 per cent. in the fourth quarter of the year the company experienced an increase in sales of 9 per cent. and gain in earnings of 33 per cent.

The performance of the company's substantial overseas markets is strong in the U.K. and European markets, but was lagged behind that of its U.S. operations.

Thus, net earnings from overseas came out at \$17m. compared with \$15.3m. in its 1975 fiscal year. For the year as a whole earnings per share were \$4.88 compared with \$4.05.

The company said to-day that the reason for the improved earnings position, which much in line with what share analysts had been forecasting, was a strong improvement in earnings. This the company attributed to higher unit volume, particularly in the United States, and to lower costs of raw materials as well as year.

## SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

	BID	OFFER	CONVERTIBLES	BID	OFFER
Airline Spcs 1980	1031	1033	Airline Express 1980	97.5	97.8
Airline Spcs 1984	1042	1045	Airline 1984	100	101
Airline Spcs 1988	1042	1045	Airline 1988	102	103
Caisse National Automobile	103	104	Bord II Spcs 1985	107	108
Cap. 1980	1033	1035	Broadway Hale 4pc 1985	105	106
C.G.E. Spcs 1980	1012	1013	Carnegie 4pc 1980	104	105
E.I. du Pont 1983	1021	1022	Citrus Run 3pc 1985	112	113
Euro. Spcs 1983	1021	1022	Citrus Run 4pc 1985	112	113
Euro. Spcs 1984	1021	1022	Citrus Run 5pc 1985	112	113
Euro. Spcs 1985	1021	1022	Citrus Run 6pc 1985	112	113
Euro. Spcs 1986	1021	1022	Citrus Run 7pc 1985	112	113
Euro. Spcs 1987	1021	1022	Citrus Run 8pc 1985	112	113
Euro. Spcs 1988	1021	1022	Citrus Run 9pc 1985	112	113
Euro. Spcs 1989	1021	1022	Citrus Run 10pc 1985	112	113
Euro. Spcs 1990	1021	1022	Citrus Run 11pc 1985	112	113
Euro. Spcs 1991	1021	1022	Citrus Run 12pc 1985	112	113
Euro. Spcs 1992	1021	1022	Citrus Run 13pc 1985	112	113
Euro. Spcs 1993	1021	1022	Cit		

# Nottingham Mfg. up £1.24m. halfway

ON A TURNOVER of £18.87m. against £15.83m., pre-tax profit of Nottingham Manufacturing Co. expanded from £2.33m. to £3.57m.

The following companies have notified the London Stock Exchange to the Exchange. Such meetings are usually held for the purpose of considering dividends. Official understandings are not available, which means that dividends are set, whether or not and the amount of dividends and profit for the first six months are based mainly on last year's results, less than those seasonal factors, less than those for the second.

The interim dividend per 25p share is stepped up from 0.735p to 0.825p net at a cost of £429,000. Last year's total dividend payment was £2,642,750.

Six months

Year  
1976 1975  
Turnover 41,967 32,929  
Trade profit 3,158 2,156  
Interest and Inv.  
Loan sh. int.  
Pre-tax profit  
Tax  
Net profit

1,456 1,214  
1,456 1,214  
1,714 1,546

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# WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

## Rise gathers momentum: up 6.57

BY OUR WALL STREET CORRESPONDENT

THE RECENT UPWARD trend gathered momentum on Wall Street to-day, following reports by the three U.S. TV networks that President Ford had the votes he needed for the Republican Presidential nomination.

The Dow Jones Industrial Average moved up 6.57 to 999.34, its best level of the day—and the

Southern Co. firms \$4 to \$151 a share.

Stocks closing at \$151 a share moved ahead \$11 to \$331.

On its raised quarterly dividend to 27c (24c cents per share), the company declared a stock dividend plus 14 cents per share, net of 73 (65) cents a share.

J. C. Penney rose \$4 to \$494 on higher July quarter net earnings.

Honeywell rose \$4 to \$474—it raised its quarterly dividend to 40c (33c cents per share).

Xerox were active and ahead \$1 to \$66—a block of 125,000 shares traded at \$66.

Procter & Gamble improved \$13 to \$96, following higher fourth quarter net earnings.

Bemis put on \$1 to \$191—it plans to repurchase up to 300,000 of its Common shares.

THE AMERICAN SE Market Value Index fell 0.15 to 106.74, while stocks led advances by 328-to-263.

Resorts International, "A" the most active issue, rose \$4 to \$74 on a volume of 68,400 shares.

Houston Oil & Mineral were listed \$3 to \$58. Crutcher Resources were up \$1 to \$10. La Quinta Motor Inns, \$1 to \$71, and Rust Craft Greeting Cards, \$1 to \$88.

**Canada firm**

Canadian Stock Markets were better, with General Motors and ITT gaining in Americans and BASF and Bayer in Germans.

The Industrial Share Index rose

0.63 to 180.13. Base Metals 0.15 to \$237. Western Oils 1.34 to as did Phillips in Dutch issues.

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Bank of Nova Scotia rose \$4 to \$454, but Bank of Montreal shed \$1 to \$187 on lower quarterly and monthly earnings.

Alberta Gas Trunk "A" were up \$4 to \$14, while Westcoast Transmission at \$23. Bell Canada gained \$1 to \$81, but British Columbia Forest Products declined \$1 to \$82.

Among Americans, IBM rose \$175.53 to \$711.10. General Motors, \$1.25 to \$2,425. Union Carbide, \$1.20 to \$1,100. But B.F.R. 2,700 and Westinghouse B.F.R. 18 to B.F.R. 600. But

AMSTERDAM—Prices fell for the second consecutive session.

Antonius International, Phillips were off \$1.00, after the publication of its first six months figures.

Banks, Insurances, Transportations and Dutch Industrials declined sharply over a broad front.

Bond Market losses averaged Fstl to Fst2.

**SWITZERLAND**—Most sectors mixed, ending the recent uptrend. Swiss issues were generally higher during the day, but many shares closed near the close.

The Foreign sector, generally, was better, with General Motors and ITT gaining in Americans and BASF and Bayer in Germans.

Swisscom, \$1.00 to \$1.00. Swissair, \$1.00 to \$1.00.

The Swiss Composite Index rose

PARIS—French shares mainly lost ground in a very quiet post-weekend session, although there were some signs of resistance.

The improvement of the French franc in relation to the dollar hadn't managed to dispel the overall lack of enthusiasm.

Borel recovered Frs 17 to 263.

Portfolios, Metals and Chemicals mostly improved, while the majority of Foods, Motors and Textiles declined.

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The Paris Composite Index rose

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GOLD

## ARMING AND RAW MATERIALS

## J.K. farm exports p 32%

Financial Times Reporter

**AGRICULTURAL EXPORTS** the U.K. are forging ahead. In the first half of 1976 they by 32 per cent, compared with the same period last year, record value of £775.5m.

John F. E. Bunting, director of the British Agricultural Export Council, said: "At late we are well set to pass year's total of £1.297m. This tribute to the efforts and of our exporters and to export potential of our agricultural products."

The first six months of the agricultural machinery trade rose by 27 per cent. to £230m. Agricultural chemicals and animal feeds rose a per cent. to £106m., and there produce by 51 per cent. to £275m.

It's immediate plans in a major sales mission to the U.S. and at the same will be at the Porto Alegre top level planning to visit the Soviet

in September, arranged are being made for a mission from the USSR in East Germany in turn.

Perrin said: "Agricultural this year so far are and 1977 should be better provided we are to explore overseas markets and to promote products vigorously in an competitive world."

## S. predict port cut

Financial Times Staff

**SOYABEAN** exports in 1976 expected to decline about 15.4m. tonnes accord the U.S. Agricultural Department (USDA). The soybean meal futures modestly lower in line with the movement in the market there being with a turnover of 101 lots, London price finished £2.10 0 lower with December at

per cent. the soybean outlook softened recently with large purchases from the new and unfavourable weather and it is thought that purchases could result in by the U.S. of up to £1m. in 1976-77.

In sharply higher prices by farmers this summer, soybean use has been and stocks are declining thought that farm prices will continue strong in the marketing year, with an average somewhat above a bushel received in June.

## Opening Australian wool prices below forecast

By JOHN EDWARDS, COMMODITIES EDITOR

**THE AUSTRALIAN** 1976-77 wool selling season opened yesterday with higher prices at both the Melbourne and Sydney auctions.

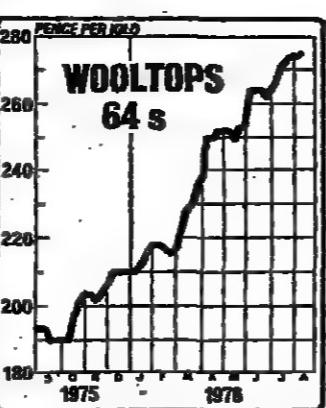
But with the exception of carding wools, which were up to 10 per cent. dearer than the end of last season, the price increased of 2.5 to 3 per cent. were viewed by the trade as disappointing; rather an all-round effort by the biggest rises anticipated.

In some quarters, which were forecasting "fireworks" at the auctions.

The average market indicator price, taking into account wools of all types, was 280 Australian cents a kilo clean compared with 254 cents at the end of last season and the new Australian Wool Corporation "floor" of 234 cents.

The price of 21 micron wool, which last season's floor price was based, rose to only 231 cents yesterday against 287 cents at the end of last season. The "floor" price for this grade of wool has been raised this season to 275 cents compared with 250 cents in 1975-76. But going down the quality scale, the price of carded wools leapt to 205 cents yesterday, compared with 183 cents at the end of last season.

Initially, therefore, prices for woollen types appear to have



bales—still a large amount while New Zealand holdings are estimated to be less than 50,000 bales and South Africa around 100,000 bales.

At the same time it is believed that buyers of raw wool have generally built up their stocks again, from the low levels plumb previous, but what is not known is how far this restock process has continued from the start of the season. Some traders feel that the anticipated rise in demand for wool has already been discounted by the rise in prices that has taken them to the highest level since the 1973 boom.

Others point out that the artificial holding up of the market by the Australian Wool Corporation preventing prices from falling too low automatically means that the upward reaction will be restrained too. In other words, although traders are loath to admit it, the Corporation has been partly successful in smoothing out price movements by its massive intervention in the market. Whether this could have been achieved more efficiently, and cheaper, by the use of free market forces, is a point for debate.

## Drought hits Colombian coffee

By RICHARD MOONEY

**A WARNING** that drought could cut Colombian coffee output by over 600,000 bags (60 kilos each) out of an expected crop of 2.25m. bags, had little effect on London terminal market prices yesterday. Futures prices opened higher, despite reports of warmer weather in Parana, but eased back before the morning close.

A further fall took place in the afternoon following a lower opening in New York but the close prices had recovered to near the day's peaks with the November position up 1.50 at £1.60 a tonne.

After a tour of growing areas Sr. Gilberto Arango, London president of the Colombian Coffee Exporters Association, said at least 10 per cent. of his country's current crop had been damaged and added that unless it rained abundantly in the next few days the fall in output could easily exceed 500,000 bags.

About 1.6 per cent. of Colombia's coffee is produced on unshaded plantations and it is these which are worst hit by the drought. There have already experienced damage which will cut their output by 20 to 25 per cent. according to Sr. Arango.

**LONDON.** Meanwhile the weather forecasts are not hopeful. The National Weather Institute says there will be no rains in Colombia during August. And as Sr. Arango London noted "it would be exceptional if it rained soon."

However, some London traders felt that the lower Colombian output had already been discounted by the market while others noted that virtually no Colombian coffee had been traded in London for some time.

All agreed that Monday's sharp rise, and the subsequent adjustment, had overshadowed any effect the Colombian news might have had. Nevertheless, with the world supply situation already looking extremely tight any further cut in Colombian output would be bound to have an upward effect on world prices he declared.

Following his recent trip to Africa, Sr. Benjamin Belinsky, president of the Brazilian Soluble Coffee Industries Association, has stated that it will be almost impossible for Brazil to buy coffee there for immediate shipment. He said attempts to buy 1975-76 robustas from origin or on the London market would put too much pressure on prices which was not in Brazil's interests. Brazil wants to buy coffee for its soluble industry which consumes 2m. bags a year, and not for speculative purposes.

Portuguese robusta crops in Africa may be large enough to supply Brazil with 1.5m. 500,000 bags a year for two to three years. Sr. Belinsky said, Brazil's exportable production next year will not exceed 2.5m. bags, which will make the position of the soluble industry very difficult, he added.

## Downward trend in metals

By Our Commodities Staff

**COPPER PRICES** on the London Metal Exchange yesterday lost virtually all the gains made on Monday as buying interest faded away. Profit-taking selling on an unresponsive market brought cash wirebare down by £1.25 to £57.25 a cwt, or 1.5 per cent.

The same time it is believed that buyers of raw wool have generally built up their stocks again, from the low levels plumb previous, but what is not known is how far this restock process has continued from the start of the season. Some traders feel that the anticipated rise in demand for wool has already been discounted by the rise in prices that has taken them to the highest level since the 1973 boom.

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Latest available figures put the Australian Wool Corporation holdings at around 1.3m.

## DROUGHT

## Silver lining for Scottish farmers

By A CORRESPONDENT

**SCOTTISH AGRICULTURE** has College of Agriculture, quoted a little below last year's 11.12 tons per acre, but sees possibilities of more bulk. It we get two or three inches of rain over the next month. The Scotch crop has the advantage of being later than the English crop, which he reckons is past any help from the rain now.

He quoted seed prices from £200 to over £300 per ton, with ware at about £120-£140 per ton. The seed crop is there now, and all that remains is to see how much bulk subsequent rains may produce. While there are 38,000 extra acres of potatoes in the U.K. this year, he doubts whether export to Britain the 300,000 tonnage which they supplied last year, since he sees the situation in Europe as being even worse than in 1975.

## Winter fodders

In the livestock sector, things very much from east to west. The west coast areas have never been short of water. In the east, the drought has had most effect on aftermaths after excellent hay and silage cuts. On our farms, there has been little recovery after cutting, but at least things have remained green, thanks to occasional showers.

Winter fodders are not likely to be very short in supply, but the lack of aftermaths might affect the weaned calf sales which are about to begin. Beef cow numbers fell by 4 per cent. last year, and the slightly shorter supply of calves, together with the high fatstock prices and the undoubtedly considerable profitability of the arable farming sector, must raise expectations of the hard pressed stockherd. They tell me they are expecting 300 per cwt, (about £160 per head), compared with about £110 last year. With the money that will be jingling in many Scottish arable farmers' pockets this year, they may well

be sold at £88 per ton, on the combine, grain that one would normally not even consider offering for malting. Buyers do not even ask the name of the variety. They are only interested in grain size, since with large grain size goes good bushel weight and low nitrogen readings.

Maltsters have never been tolerant of high nitrogen barley. Samples showing over 1.5 per cent. nitrogen are being accepted with bushel weights as low as 50 lbs being taken. It really makes one wonder just what is a malting sample, other than the best grain on the market.

Whatever the difficulties of the malsters this year, it looks like being a very good one for the growers, especially those in the damper areas.

Potatoes look like once more becoming a "dream crop" for Scottish growers. John "Huckle" Macmillan, chairman of the Potato Marketing Board reckons that there is still a lot of potential in the Scottish maincrop.

He expects yields to come out 20 ft.

Worldwide, potato production has slipped in both

## Lower pineapple output

**THE PHILIPPINES** the Ivory Coast have been quick to the 1971 peak of 583,000 tonnes, the report shows. The preliminary 1978 total is 774,000 tonnes.

Last year's Philippines production was 152,000 tonnes against 130,000 in 1971 while the Ivory Coast's was 76,000 tonnes against 32,000.

Kenya, the report says, is still in a comparatively early stage of development and considerable expansion is planned."

## PRICE CHANGES

Prices per ton unless otherwise stated.

Aug. 17 | + or - | Month ago

Metal

Aluminium... £526.6 | +526.6 | £526.6

Free Nickel... 885.00 | +885.00 | £885.00

Copper Wirebare... 57.25 | +57.25 | £57.25

Tin... 1.00 | +1.00 | £1.00

Zinc... 1.25 | +1.25 | £1.25

Lead... 1.00 | +1.00 | £1.00

Carnelian... 2.25 | +2.25 | £2.25

## STOCK EXCHANGE REPORT

## Bullion price and gold shares fall but Australians good

## Leading equities undecided with index 0.8 lower at 376.4

## Account Dealing Dates

Opinion

First Declara- Last Account

Dealing Dates Dealings Day

Aug. 9 Aug. 19 Aug. 20 Sep. 1

Aug. 23 Sep. 3 Sep. 14

Sep. 6 Sep. 16 Sep. 17 Sep. 28

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Contrasting features in stock markets yesterday were the continued weakness in South African gold mining shares following a fall in the price of bullion by \$1.25 to \$36.375 an ounce and the firmness of Australian issues following that country's Federal Budget. Otherwise, British Funds made further small headways, while leading equities were narrowly mixed in quiet trading.

U.S. selling late Monday and again yesterday sent gold mining shares downwards, some touching their lowest since early 1973. Indeed, the Gold Mines index suffered a fresh loss of 4.2 per cent, its lowest since January 19, 1973, which mirrored falls in the heavy-weighted 3.

After moving further ahead in the early trading, leading equities faltered to close narrowly mixed; nervousness was induced by vague reports of some sizeable offerings, and the uncertain and somewhat confused state of the foreign exchange market was a more apparent factor. In the event, there was little in the way of actual selling. The FT 30-share currency fund sellers initially reticent and in thin conditions, the premium rose to 101 per cent, before reacting to close a net 23 points higher at 1004 per cent. Yesterday's US conversion factor was 0.7263 (0.7355).

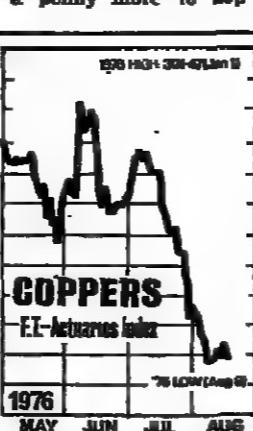
"Royals" easier

Hoping that Monday's much better-than-expected first-half profits performance from "Royals" would attract more interest to the sector, Insurance dealers were distinctly disappointed as business volume remained small and no set demand was established. "Royals" at 304p, lost 10 of its 32 share rates. On the day, Sun Alliance strongly resisted as modest support pushed the price 12 higher to 62p. Among Brokers, Sedgwick and Co. (Richmond) held steady at 13p awaiting to-day's preliminary results. Elsewhere, Allied Insurers gained a penny more to 46p, con-

to 152p on fears of an intervention report and C. E. Heath added 3 at 47p.

An unfavourable Press reception given to the result which showed a substantial loss sparked off a sell-off of Kestrel Utilities, Ltd., down to 34p on the day at 34p.

Walker Securities, on the other hand, found support at 21p up 2, and G. R. Davies hardened 3 to 79p. News that the group have negotiated reduced interest charges on their "lifeboat" borrowings, helped UDT edge forward a penny more to 30p in



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The long "tap" was the main focus point in British Funds yesterday. A combination of straight medium/long term sales by the Government broke with withdrawals of £1.25 to £1.30 per ounce of bullion and the stock Exchequer 13% per cent, 1996, and it was assumed the next level would be 85%, although this was not tested. Other high-coupon longs moved up the occasional 1 in sympathy, but several mediums were held in check because of the prices offered by the GB to effect swaps into the "tap". Despite slightly lower U.S. Treasury Bill rates, the shorter end of the market eased fractionally before improving later. The low-coupon, Exchequer 5 per cent, 1978, rose 10p to 92p.

A small demand for investment currency found sellers initially reticent and in thin conditions, the premium rose to 101 per cent, before reacting to close a net 23 points higher at 1004 per cent.

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## FINANCIAL TIMES STOCK INDICES

	Aug. 17	Aug. 18	Aug. 19	Aug. 20	Aug. 21	Aug. 22	Aug. 23
Government Secs.	62.26	62.20	61.95	61.96	62.20	61.93	61.93
Fixed Interest	61.82	61.66	61.65	61.62	61.62	61.62	61.62
Industrial Ordinary	576.4	577.4	574.4	575.6	575.2	575.2	575.2
Gold Min.	95.2	99.3	101.0	101.4	101.1	101.8	101.8
Ord. Div. Yield	5.80	5.85	5.87	5.88	5.87	5.88	5.88
Earnings Yrs/Dividends	17.17	17.11	17.23	17.23	17.10	17.24	17.24
P/B Ratio (net) 6.67	6.67	6.67	6.66	6.66	6.67	6.67	6.67
Debtors marked-to-market	6.26	6.26	6.26	6.26	6.26	6.26	6.26
Equity turnover 2m.	—	31.26	31.73	34.64	35.74	35.87	35.87
Equity earnings total	—	8.95	10.28	11.53	10.95	10.95	10.95

10 a.m. 28.11 11 a.m. 30.87 3 p.m. 37.74

Latest Index 30.87 Basis 100 Govt. Secs. 100 Min. Ind. Ord. 100

(a) Based on 32 per cent correlation fact. (b) Net 1976 Min. 12.25. Min. Ind. Ord. 100. Min. Int. Oct-Dec 1976.

HIGHS AND LOWS

	1976	Since Compliation	Avg. 17
Govt. Secs.	65.21	60.19	48.18
Corp. Ind.	60.01	59.45	59.70
Fixed Int.	64.43	59.75	50.55
Ind. Ord.	48.00	50.15	50.70
Gold Min.	48.00	36.67	54.55
Ord. Div.	48.00	48.00	44.41
Gold Min.	84.69	95.2	43.8

S.E. ACTIVITY

	High	Low	High	Low
Govt. Secs.	65.21	60.19	48.18	48.18
Corp. Ind.	60.01	59.45	59.70	59.70
Fixed Int.	64.43	59.75	50.55	50.55
Ind. Ord.	48.00	50.15	50.70	





# DAIWA SECURITIES

**MINES—Continued**

Wednesday August 18 1976

We pay for your  
steel until  
you need it  
GKN STEEL STOCKS

## Sewer raiders strike again

By Rupert Cornwell

PARIS, August 17.  
FOR THE second time in less than a month the leading French bank, Société Générale, has been the victim of a spectacular "sewer rat" theft—this time at its branch on the ile Saint-Louis in the heart of Paris.

The gang burrowed its way into the vaults, and spent the three-day Assumption holiday weekend looting more than 100 of the 191 strong boxes.

Police have put no figure on the haul. One suggestion this evening was that it might exceed the estimated Frs 50m. (\$119,000) reward offered by Société Générale, the Nice gang's Nice branch is not yet open.

The two thefts are similar some investigators believe both to be the work of the same expert team.

In spite of a Frs 1m. (\$119,000) reward offered by Société Générale, the Nice gang is still free.

### Promise

The Paris thieves approached their target through the sewers before boring a 10-foot tunnel into the vault. They dodged an alarm system linked to police headquarters and left behind them sophisticated ventilation equipment and blow torches.

This time, however, a speedy announcement after the theft was discovered early this morning coupled with a promise that customers would be fully compensated for losses prevented a repeat of the uproar which followed the first break-in.

The 11 Saint-Louis branch is used by show business celebrities with flats on the fashionable island, next to Notre Dame. Many left their valuables at the bank before going on holiday.

Noises were heard during the week-end but a bank guard thought that they were caused by the building's ventilation system.

## Syrian visa move after explosions

By Our Foreign Staff

SYRIA has imposed strict new controls on the entry of all foreigners into the country after several bomb explosions in Damascus and elsewhere believed to have been the work of Iraqi-backed Palestinian extremists. More than a dozen people have been killed or wounded.

In spite of a draft agreement concluded between Syria and the Palestine Liberation Organisation on July 29 aimed at ending their dispute over Syrian intervention in Lebanon, relations between the two former allies are still at a very low ebb.

Several senior Palestinians have already repudiated the agreement and some reports still speak of clashes between Syrian and Palestinian units inside Lebanon where the fighting since the fall of the Tel al-Zatar camp has reached new levels of intensity.

The Palestinians are bitter that the Syrians, according to them, indirectly assisted in the fall of the camp by giving material help to the Right-wing Christian forces while withholding it from the Palestinian Left-wing alliance.

Details of the explosions—probably the responsibility of Palestinian extremists—are scarce, but it is known that more than 200 people were killed or wounded.

The Syrian Press has made no mention of them, although senior officials admitted privately that the explosions had occurred and that they were probably part of the growing anti-Syrian campaign by some Palestinian elements.

Under the new regulations all foreigners including Arabs most of whom normally enter and leave Syria without visas, will require special permits.

Since the civil war in Lebanon broke out, hundreds of thousands of refugees have flooded across the border into Syria.

Continued from Page 1

## Mark rise

Prime Minister and director general of the Government's economic planning agency, was reported as saying that a slow but steady rise in the value of the yen was desirable to help suppress domestic price inflation, and that the recent rise reflected the strength of the Japanese economy.

Following a Cabinet meeting, another senior minister said that speculation in the exchange market must "naturally" be met by official intervention.

Sterling again remained outside most of the currency unrest, but benefited from the weaknesses of the dollar. By the close there was a gain of about half a cent to \$1.7865. The weighted depreciation was unchanged at 39.1 per cent.

## Kissinger renews bid for peace in Africa

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

DR. HENRY KISSINGER, the urgency, because the UN dead-US Secretary of State, is to line for South Africa to produce two senior State Department officials to key African territory's independence expires on August 31.

Dr. Kissinger is keen to produce a plan for Namibia which would be acceptable to all parties involved—from the UN to Swapo, the main nationalist party—as well as the South African Government and the frontline states.

Secrecy has surrounded all discussions of the issue so far, but it seems probable that the main subject to be discussed—particularly with President Kaunda of Zambia and President Nyerere of Tanzania—will be the future of Namibia (South West Africa).

It is thought that these may involve the transfer of the present South African sponsored constitutional conference in Namibia to a venue outside Africa at which point Swapo and perhaps, Mr. Rogers will also discuss the present large-scale renegotiation of the country's debt to Western creditors.

Reports from South Africa, however, suggest that Mr. Vorster, the South African Prime Minister, is to announce shortly

### Promises

According to top level sources in Washington, there are no plans for Mr. Schaufele and Mr. Rogers to go to South Africa. Suggestions that they might visit Rhodesia—which will also clearly be on the agenda with the African presidents—has been firmly ruled out.

The other main area of discussion will be U.S. promises of economic aid to southern Africa and no doubt in Zaire Mr. Rogers will also discuss the present large-scale renegotiation of the country's debt to Western creditors.

Afrikaper church divided. Page 6

British Rail yesterday quickly denied a trade union claim that a big fares increase was planned for March.

Mr. Walter Johnson, treasurer of the Transport and Salaried Staff Association and Labour MP for Derby South, said at a London Press conference: "We have been told by British Rail that there is going to be a big increase next March."

British Rail wanted only one increase in the year, he said, to avoid a series of niggle rises."

But British Rail said last night fares policy for next year had not been decided. Reports of planned rises of 20 per cent were "sheer nonsense."

## March rail fare increase denied

BY ARTHUR SMITH

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quickly denied a trade union claim that a big fares increase was planned for March.

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But British Rail said last night

fares policy for next year had

not been decided. Reports of

planned rises of 20 per cent were

"sheer nonsense."

Reviewed

The financial position had

been reviewed in discussions on

Friday between the British Rail

and the rail unions but at no

time had there been any indica-

tion of the levels of fares or the

possible dates for implementa-

tion.

While British Rail may not

want to formulate detailed fare

proposals before the end of this

year, such a move is likely to be

under consideration.

Sir Richard Marsh, the out-

going chairman, said in his

annual report that fare increases

were "inevitable in an infla-

tory economy."

By March British Rail will

have gone 12 months without a

change in passenger fares. In an

abrupt policy change it said in

May that prices would be frozen

at least until the end of this year.

Plans for an across the board

5 to 7 per cent increase to take

effect this month were

abandoned. The rise, which

would have been the fifth in 20

months, was deferred because of

passenger resistance.

By the end of this year British

Rail should have had adequate

time to assess the impact of its

March increases, which caused an

initial drop in traffic in all

regions.

Union reply

British Rail appears, after

stringent economy measures, to be

on schedule for the Govern-

ment imposed target of holding

passenger subsidies to the 1975

£34m. level in real terms.

It should be helped by the

Government's incomes policy.

The rail unions come at the end

of the wage round and will not

get their 4 per cent until the

spring.

A major uncertainty confront-

ing British Rail in determining

fares policy is the attitude of the

Government, which came down

strongly in favour of phasing out

passenger subsidies in its trans-

port policy consultation docu-

ment.

British Rail said that forcing

passengers off the railway by

increasing prices would in many

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of alternative methods of travel.

The Transport and Salaried

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Delays in the planned track

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